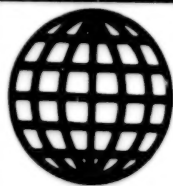


JPRS-CAR-87-043

4 SEPTEMBER 1987



**FOREIGN
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JPRS Report

China

4 SEPTEMBER 1987

CHINA

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PARTY SCHOOL JOURNAL: MULTIPARTY SYSTEM NOT FOR CHINA

HK071000 Beijing LILUN YUEKAN [THEORETICAL MONTHLY] in Chinese No 5, 25 May 87 pp 24-27

[Article by Cai Changshui (5591 7022 3055): "The Party's Leadership and the Multi-Party System"]

[Text] Upholding the four cardinal principles and opposing bourgeois liberalization is a protracted task on the ideological and political front. Its essence is to solve the problem of fundamental political principle and orientation, namely, opposing such erroneous ideas as casting off the party's leadership and negating the socialist road.

Upholding the leadership of the Communist Party is the core of upholding the four cardinal principles. The core of bourgeois liberalization is opposing the party's leadership. The CPC is the vanguard of the working class with Marxism-Leninism-Mao Zedong Thought as its guiding ideology, as well as a force at the core leading socialist cause and the people's democratic dictatorship. Only by upholding the party's leadership can we adhere to the socialist road, further consolidate and develop the political system of the people's democratic dictatorship, and bring into full play the guiding role of Marxism-Leninism-Mao Zedong Thought.

Upholding the party's leading role in the political life of our state and society is clearly stated in our party's Constitution and our state's Constitution. This is beyond doubt to cadres, party members and the Chinese people. However, some people attempt to negate and oppose the party's leadership. "Practicing multi-party politics and allowing democratic parties to stand up to the Communist Party as an equal" is one of their important ideas. In China, the problem of whether to uphold the Communist Party's unified leadership or to practice multi-party politics as in capitalist countries has been debated in the past. In his speech, "The Present Situation and Tasks", delivered in 1980, Comrade Deng Xiaoping pointed out: "In 1957 there was a demand for 'rotating the leadership'. Now the 'democrats' and some people who put up big-character posters on 'Xidan Wall' are harping on the same theme. So we have to clarify this issue." ("Selected Works of Deng Xiaoping", p 230) Since some people still raise this issue in the mid-1980s, so clarifying this issue theoretically will undoubtedly be of great significance to better clarifying confused ideas, educating the masses, and upholding the party's leadership.

1. The Party's Leadership Is an Objective Law in the Development of the Proletariat's Revolutionary Cause

Proletarian revolutions must be under the leadership of the Communist Party. This is a basic principle of Marxism, as well as a demand raised by the development of proletarian revolution itself. Communist movements are led by the communist parties. These two depend on each other and cannot be separated. Upholding the party's leadership is a must in communist movements. In other words, the party's leadership is indispensable in the whole process of a proletarian revolution, whether in seizing and consolidating political power, in transforming society, or in building socialism. Without the leadership of the Communist Party, there will be no communist movement, no socialist revolution, and no socialist construction.

As the vanguard of the working class, the Communist Party's leading role is closely linked to the fulfillment of the historical mission of the proletariat. Marx and Engels applied the notion of historical materialism to analyze the unresolvable contradictions between production relations and productive forces which are inherent in the capitalist system; to expose the objective law that capitalism will inevitably die out and socialism will inevitably triumph; and to point out a path for the emancipation of proletariat and the laboring people. Meanwhile, they also linked scientific socialism with the proletariat, expounded the historical role and position of proletarians, and determined the proletariat to be the most advanced social force for achieving this law and building the new society, thus turning utopian socialism into scientific socialism. Lenin described the truth exposed by Marx and Engels that the proletariat is the sole thoroughly revolutionary class in modern society as the first "foundation" for Marxist theory. However, if the proletariat is not organized and fails to form a leading core in struggles, it cannot fulfill the historical mission of overthrowing the capitalist system, ultimately eliminating classes, and achieving communism. Spontaneous struggles waged by the proletariat and the objective demands of the workers' movement calls for the leadership of a revolutionary party of the proletariat with scientific socialism as its guide. Only under this party's leadership is it possible to upgrade the proletariat's political awareness and organizational sense; can the proletariat realize its historical role; can it turn itself from a spontaneous class into a self-conscious class; can it act as a class; and can it unite with the broad masses, remove various obstacles and disruption, and guide the cause of proletarian emancipation to victory step by step in the arduous, tortuous, and protracted course of revolution. The experiences of the international communist movement and the Chinese revolution have repeatedly proven that the key to the success or failure of a revolution lies in whether there is correct party leadership.

As the vanguard of the working class, the Communist Party is the political leader of other organizations of the working class. In revolutionary struggles, the proletariat has established party organizations, but also many non-party organizations, such as trade union federations, youth organizations, women's federations, armed forces, organs of state power, and economic organizations. These organizations are absolutely necessary to the fulfillment of the mission

of proletarian revolution. However, party organizations and non-party organizations are neither of equal rank nor entirely independent of each other. There must be a party as the vanguard of the working class to unify their wills and coordinate the action of all mass organizations, so as to ensure that the broad masses and non-party organizations focus their action on the objective of struggle. If the party fails to unify the wills and action of all non-party organizations, it will be impossible to organize and mobilize an enormous and powerful revolutionary army, and the non-party organizations will be disorganized and have no combat strength. As early as the 1850s, Marx and Engels put forward the idea that the party is the leading core of the working class and other organizations, believing that the political party of the working class "should turn every branch into a center and core of workers' associations." ("Selected Works of Marx and Engels", vol 1, p 386) Lenin later pointed out that the party is the supreme form of the organizational development of the working class, and that it must exercise general and political leadership over non-party organizations of the working class. This correctly solved the problem of the relationship between party and non-party organizations and established the party's leading position over organs of state power, economic organizations, and mass organizations. In socialist countries, all organizations must be under the party's leadership.

Therefore, upholding the party's leadership is a requirement for fulfilling the historical mission of the proletariat and unifying the wills and action of the revolutionary contingent. Negating the party's leadership runs counter to the laws of historical development and to the wills of the proletariat and the people.

2. China's Revolution and Construction Cannot Dispense With the Leadership of the CPC

Then, can China's revolution and construction be led by political parties of other classes?

"China and China's drive for socialist modernization must be led by the Communist Party. This is an unshakable principle. In its absence China would retrogress into division and chaos, and modernization would become impossible." ("Selected Works of Deng Xiaoping", p 232) This is a scientific conclusion drawn from the experience of the Chinese revolution.

The CPC's leading position in the Chinese revolution was the objective demand raised by the development of the modern Chinese history. After the Opium War in 1840, China was gradually reduced to a semi-colonial and semi-feudal country and the Chinese people lived in an abyss of misery. In the face of the state's corruption and the nation's peril, countless advanced figures and people with lofty ideals, in order to oppose imperialist aggression and feudal rule, suffered innumerable trials and tribulations to seek a truth for saving the country and people. They put forward one proposal after another for invigorating the nation and waged unyielding struggles and resistance, such as the Taiping Heavenly Kingdom, the Yihetuan peasant movement [Boxer uprising--FBIS], the Reform Movement of 1898, and the 1911 Revolution. But all these attempts came

to failure. If we make a general review of the modern Chinese revolution, we can learn two basic lessons. 1. After world history entered the era of imperialism and proletarian revolution, if semi-colonial and semi-feudal China wanted to learn from the west, it could not take the road of building a bourgeois republic. 2. In China, except for the Chinese working class and its vanguard, namely, the CPC, China's peasant class, petty bourgeoisie, national bourgeoisie and their political parties could not act as leaders of the Chinese revolution to enable the state to win independence and the people to emancipate themselves. In "The Chinese Revolution and the CPC," "On New Democracy," and "On the People's Democratic Dictatorship," Mao Zedong made a scientific summation of the historical experience and road of the Chinese revolution. He pointed out that the first imperialist world war and the first successful socialist revolution, namely, the October Revolution, have changed the entire orientation of world history and divided the entire era of world history. Therefore, the Chinese revolution should be conducted in two steps. The first step is not old democratic revolution, but new democratic revolution; and the second step is socialist revolution. The heavy task of leading these two great revolutions thus historically fell to the CPC.

The CPC's leading position in the Chinese revolution was formed and established in the protracted revolutionary struggle and a result of the political choice made by the Chinese people in the practice of revolution. Ever since its establishment, the CPC has led the Chinese people in waging unremitting and unyielding struggles under the guidance of the ideas of Marxism-Leninism and ultimately overthrew the three big mountains and established the new China. After seizing state power, the party continued to lead the people of various nationalities throughout the whole country in winning great victories of the socialist revolution and construction. It also established a new socialist system in China and brought about historic changes in China's appearance. Meanwhile, the party has enjoyed high prestige among the masses and won their trust and respect with its correct ideas, dedicated spirit, and fine style and model action. Although our party once made mistakes, and some cadres still engage in malpractices of one kind or another at present, it is precisely our party that corrected its own mistakes and that is resolutely rectifying and can certainly rectify various malpractices. Over the past half century or so, it was precisely the fine quality of the communists and their fine style formed in the practice of revolution that not only influenced and educated thousands upon thousands of people, but also have become the valuable spiritual wealth of our Chinese nation. The party cannot be separated from the masses, and the masses cannot be separated from the party. This was formed in the historical development of more than 60 years and no force can change it.

The central task of the whole party and the Chinese people of various nationalities in the new historical period is to build the four modernizations. Our modernization is socialist modernization, which is different from the nature and purpose of capitalist modernization. To ensure the socialist orientation of our modernization and to smoothly fulfill our grand targets, we must uphold the party's leadership. In a large country like China with a population of 1 billion which has a vast area, complex conditions, and backward and uneven economic and cultural development, without the leadership of the

Communist Party, it will be impossible to unite the people throughout the country and form a unified and organized contingent fighting for the grand cause of the four modernizations; it will be impossible to establish a road of building socialist modernization suited to China's condition and formulate correct lines, principles, and policies; and it will be impossible to create political stability and unity and to undo the damage and disruption caused by various antagonistic forces and erroneous tendencies. In short, without the leadership of the CPC, we cannot adhere to the correct socialist orientation, we cannot smoothly implement the policy of reform, opening up, and economic invigoration, we cannot build socialism with Chinese characteristics, and we cannot build a modern China.

3. The Bourgeois Multi-Party System Is Not Applicable to China

China's political and economic structural reform is self-improvement and self-development of the socialist system. The result of the reform is to ensure that the party exercises more correct and effective leadership. It must be conducted under the premise of upholding the four cardinal principles, particularly upholding the party's leadership. But it absolutely does not mean negating the party's leadership and practicing bourgeois multi-party politics.

The political party system in capitalist countries is one in which political parties of the bourgeoisie master state power, control the state's political life, and exercise the dictatorship of the bourgeoisie. This system is controlled by monopoly groups and established on the basis of money politics. The struggles between various parties are in essence a political reflection of the struggles between capitalists for economic interest. The bourgeoisie praises its parties as "representing the popular will" and describes the multi-party system and the bi-party system as a system of liberty, equality, and democracy. In fact, in capitalist countries, whether one, two or several bourgeois parties assume power independently or in rotation, they implement bourgeois policies and practice bourgeois politics, and cannot change even slightly the laboring people's circumstances of exploitation, oppression, and enslavement. None of them can represent the interests of the laboring people. And the "farces" of various parties fighting and attacking each other conducted by the monopoly bourgeoisie and their schemes to change some concrete policies and replace ruling parties can only lull the people's fighting will, divert their attention, and make the broad masses forget their own fundamental interests. Just as Lenin pointed out when commenting on elections conducted by two parties in the United States: this is something that "two bourgeois parties made use of the swashbuckling and hollow fights between them to cheat people and divert people's attention from their immediate interests." ("Complete Works of Lenin" Vol 18, p 397)

In capitalist countries, political and economic development have determined whether they practice the multi-party or the bi-party system. The idea of attempting to establish a bourgeois republic in China has long been proven inapplicable by history, because China has no political and economic foundation for practicing the political party system of the western bourgeoisie. Today,

the idea of practicing the bourgeois multi-party system does not correspond with China's history and reality and runs counter to the masses' fundamental interests. This is a historical retrogression.

China's democratic parties had a history of cooperating with the CPC for a long time and fighting side by side with the CPC. During the period of democratic revolution, they played an important role in striving for the victory of the new democratic revolution and the establishment of a new China. After the establishment of the PRC, they accepted the leadership of the Communist Party, treated the "common program" and state constitution as their political programs, and made active contributions to socialist transformation, the building of power, and economic and cultural construction. All democratic parties are important members of China's united front. The relationship between our party and all democratic parties is an ongoing cooperation between all parties under the leadership of the CPC. This system is entirely different from the bi-party system and multi-party system in capitalist countries under which various parties of the bourgeoisie jostle against and attack each other and assume power in rotation for their own interests. Our system has two basic characteristics: 1. It affirms the CPC's leading role in China's political life. 2. Democratic parties are not parties out of office or opposition parties, but occupy a position of cooperating with the CPC in state power. Many leaders and members of the democratic parties work in central and local governments and assume important posts. When making important policy decisions, the CPC often solicits opinions and suggestions from democratic parties and other non-party personages, and sincerely accept their criticism and supervision. The CPC has also unswervingly adhered to the policy of "protracted coexistence, mutual supervision" and "being sincere and loyal to each other and sharing honor and disgrace" toward democratic parties. The CPC and all democratic parties have cooperated with and supervised each other on the basis of upholding the four cardinal principles. Practicing this system in China has been determined by China's concrete historical and actual conditions, and by the common target of the CPC and all democratic parties jointly building socialism. This is a characteristic and strong point of China's political system. It is beneficial to progress and development of Chinese society, to unification and consolidation of the state, to achieving the concept of "one country, two systems," and to arousing the enthusiasm of people of various nationalities and various social forces in China. If we really want to practice the bi-party system and the multi-party system, this will result in various factions, struggles between parties and factions, fragmentation, or even a big upheaval throughout the country. If political stability and unity are undermined, then the four modernizations, reforms, and opening up will be destroyed. Therefore, the multi-party system in capitalist countries is unsuited to China's national conditions and inapplicable to China.

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CSO: 4005/915

DEMOCRATIC POLITICS EXPECTED TO DEVELOP IN STEP WITH SOCIALISM

HK061540 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 31, 3 Aug 87
pp 6-7

[Article by Chi Fulin (6688 4395 2651): "The Building of Democratic Politics in China Is a Gradual Process of Development"]

[Text] The building of socialist democratic politics in China is now facing a special contradiction between its urgency and prolonged nature. Socialist democratic politics is one of the most essential characteristics of socialism. Practice over the last 30 or more years has proved that neglecting the building of democratic politics is an important historical lesson in the development of socialism in China. China's socialist democratic system is not perfect and complete, the people cannot fully exercise their democratic rights to administer the state and society, and instances of suppressing and disrupting democracy still exist in large numbers. Therefore, developing democratic politics in China allows no delay. But the building democratic politics is closely connected with the development of the economy, culture, and society. China is still in the initial stage of socialism. This should be taken as the point of departure for resolving all problems in China. China's present economic, cultural, and social conditions determine that the building of socialist democratic politics in China is a gradual process.

The Basic Conditions for Building Democratic Politics in the Present Period

First, over the last 30 years, China's social productive forces have greatly increased and living standards have improved markedly. But its socialist material and technological bases are still poor, its labor productivity is still low, and the 800 million peasants still do agricultural work by hand. Thus we are still far from being able to allow every member of the community to take part in political activities and in the democratic management of the state and society, in addition to engaging in material production. It will be a long time before all laborers can participate in the direct management of the state and society.

Second, the socialist economy under public ownership has been established in China and is playing a dominant role in the country. Both ownership by the whole people and collective ownership are of a socialist public ownership nature. This is not only the essential characteristic of the initial stage of socialism, but also the basis for building socialist democratic politics. Socialist public ownership demands the formation of a socialist political system under which the working people are the masters of their own affairs. China's existing ownership system, which is characterized by the coexistence of various ownership forms with public ownership as the main component, directly restricts the development of democratic politics. For example, due to the coexistence of various ownership and distribution forms, people in different economic positions have different democratic rights to exercise.

Third, a basic socialist political system under the people's democratic dictatorship has been established, and the working class and the entire people have become the masters of the country. This political system, which is the most advanced in history, has laid a political foundation and provided political conditions for the people to exercise their democratic rights as the masters of the country. However, only when the various political institutions of the state correspond with this basic political system, can the people really exercise their democratic rights as the masters of the country. China's socialist political system has been established for only 30-odd years, during which the country has traversed many detours. This has prevented people from exercising their democratic rights as the masters of the country and has made it difficult for them to effectively stop some members of the community, and leading cadres in particular, from infringing upon others' civil rights [gongmin quanli 0361 3046 2938 0448] and to prevent some government functionaries from turning themselves from public servants into the masters of the public.

Fourth, enormous progress has been made in the socialist cultural cause, and the people's scientific and technological standards have greatly improved. This has laid a foundation for them to participate in the management of state and social affairs. But taken as a whole, China's cultural undertakings are still very backward, the scientific and cultural quality of laborers, and in particular the peasants, who account for 80 percent of the population, is still very low, and illiterate and semi-literate people account for one-fourth of the population. Therefore, for a long period of time to come, the people can only use indirect methods of exercising their democratic rights to administer the state and society.

Fifth, the socialist ideology under the guidance of Marxism has been established and is playing a dominant role. This will enable the people to gradually free themselves from the bonds of feudal traditional concepts and the force of old habits and to keep strengthening the sense and spirit of democracy. But because China's socialist society emerged from a semifeudal and semicolonial society, feudal habits and other habits of the old society, the narrow-mindedness of small producers, and the corrosive influence of the various decadent ideas of the exploiting class will survive for a long time. As Deng Xiaoping

pointed out: "From old China we inherited a strong tradition of feudal autocracy and a weak tradition of democratic legality." After the founding of the PRC in particular, we were not fully aware of the importance of eliminating the influence of feudalism on ideology and politics; nor did we resolutely oppose feudalism. This added to the difficulties in building socialist democratic politics and in developing democracy.

Thus China's present economic, political, cultural, and social conditions have determined that China's socialist democratic politics is in the initial stage of development. This is the precondition for building democratic politics in the light of China's national conditions.

The Main Characteristics of Democratic Politics in the Present Stage

China's socialist democratic politics in the initial stage of development is characterized by many aspects, primarily its gradual, unbalanced, and arduous natures.

Its gradual nature manifests itself in the limitations of objective conditions and the protracted process of its self-perfection. The economy and culture in the initial stage of socialism are still backward, and it is impossible to eliminate the influence of feudal autocracy within a short period of time. These objective conditions directly restrict the development of socialist democratic politics and determine that socialist democratic politics will gradually develop with the changes in these conditions. In addition, various democratic institutions in China are not perfect and still have many shortcomings. It takes time to gain a correct understanding of these shortcomings and to overcome them; it is impossible to eliminate these shortcomings and perfect all the democratic institutions within a short period of time. The imperfections of the socialist democratic system will remain for a long time. This suggests that due to various restrictions by objective conditions, the building of socialist democratic politics in the initial stage of development will be a gradual process.

The unbalanced nature is determined by the disequilibrium of the building process of democratic politics in different regions and by the variations in the demands for democracy by people of different strata [jieceng 7132 1461]. The unevenness of economic and cultural development in various regions produced by history is restricting the development of democratic politics in these regions. Furthermore, people in different environments and positions and with different cultural standards have different degrees of demands for democracy, although they hold identical views on fundamental interests. Workers, peasants, intellectuals, and people in different social circles have different demands both for the degree of development of democratic politics and for just what should be developed in democratic politics. This cannot but lead to disequilibrium in the development of democratic politics.

The arduous nature manifests itself in the setbacks and difficulties encountered in the course of building socialist democratic politics. Due to historical reasons, setbacks, temporary stagnation, and even retrogression will occur in

the course of building socialist democratic politics. Even if this situation does not occur, the building of democratic politics will undergo an arduous process and it will not be smooth sailing. In particular, the development of democratic politics will affect the personal interests of certain individuals. This will add to the difficulties of building democratic politics.

Only by seriously analyzing and studying the characteristics of China's democratic politics in the present stage can we familiarize ourselves with the laws of development of democratic politics, devise democratic political principles and policies in the light of China's actual conditions, and build democratic politics.

Several Viewpoints That Help Ensure the Smooth Development of Democratic Politics

The main characteristics of China's democratic politics in the present stage ensure that the building of democratic politics will undergo a protracted and gradual process. To guarantee the smooth development of this process, it is necessary to form an understanding on the basis of these main characteristics so as to correctly guide our action. In my opinion, the following important viewpoints should be taken into account:

First, the tasks and targets of democratic politics should be set according to the actual conditions in the initial stage of socialism. It is necessary to devote major efforts to developing socialist democratic politics, but on the other hand, we should not set impractical demands for democracy. Facts have proved that both the "leftist" and "rightist" erroneous tendencies on the question of democracy can only result in political upheavals. At present, we should pay particular attention to building political power at the grass-roots level, to developing democratic politics in grass-roots level social life, to closely combining the building of democracy with the building of the legal system, and to bringing into play the initiative of the people.

Second, it is necessary to build democratic politics in an organized and orderly way. In the course of deepening economic structural reform and developing the commodity economy during the initial stage of socialism, various social contradictions are beginning to arise, and there are quite a number of factors which can give rise to instability. Without political stability and unity, and a stable social order, the building of democratic politics would have been impossible. In addition, consideration has to be given to the different demands of people in different regions, different strata, and different interest groups; no uniform method is permissible, nor is anarchism allowed. What is required is unified leadership, without which it is impossible to smoothly build democratic politics. Therefore, in the initial stage of socialism, particular attention should be paid to arresting any "democratic movement" that intends to deviate from the unified leadership of the CPC and the state, so as to ensure that the building of democratic politics will proceed in an orderly way under the unified leadership of the CPC and the state.

Third, it is necessary to persist in building socialist democratic politics. Any type of democratic system develops through a protracted course. Beginning with the bourgeois revolution of 1640 in Britain, the capitalist democratic system has undergone a long, drawn out process of several hundred years. Due to restrictions by historical conditions in China, the socialist democratic political system will also undergo a very long process. We should never be overanxious for quick results in building socialist democratic politics, as haste makes waste. Only when we soberly understand this can we overcome difficulties in the course of our advance and unstintingly pursue the building of democratic politics in China.

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CSO: 4005/915

CPC TIGHTENS SURVEILLANCE OF FOREIGN REPORTERS

HK020346 Hong Kong CHENG MING in Chinese No 118, 1 Aug 87 p 11

[Article from "Reference News" column by Bai Mei (4101 2734): "The CPC Makes More Efforts to Keep Watch on Foreign Reporters"]

[Text] The CPC is tightening surveillance of foreign reporters and key foreigners and has set up new rules which include examination of mail without opening it by newly-imported machines. The new rules stipulate that all mail from abroad is to be examined by the machines.

In addition, the CPC has tightened surveillance of Chinese who have contact with key foreigners and with American, Japanese, British, and French reporters stationed in Beijing. In the past few months, at least 150 persons from Beijing or elsewhere who had frequent contact with foreign reporters or other foreigners were detained and examined (the detention period varied).

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CSO: 4005/915

LIAOWANG REPORTS ZHAO'S CENTRAL GANSU VISIT

HK040645 Beijing LIAOWANG in Chinese No 29, 20 Jul 87 pp 9-11

[Article by He Maoji (0149 2021 4921): "Zhao Ziyang Visits Dingxi for the Second Time"]

[Excerpts] On 25 June, there was heavy rain in central Gansu. During the afternoon, two large cream-colored vans left Lanzhou's Ningwozhuang guesthouse and drove eastward along the Lanzhou-Xian highway.

Sitting on a seat behind the driver of the first van was Comrade Zhao Ziyang, who had just returned from an overseas trip.

It was Zhao's second visit since 1982 to the land known throughout the country for its aridity and barrenness.

Zhao Ziyang arrived in Lanzhou from Islamabad, Pakistan, by special plane on the afternoon of 24 June. When he settled down in the city's guesthouse it was already dark. The next morning, disregarding the fatigue of 20-odd days' traveling, he listened in detail to the reports by Li Ziqi, secretary of the Gansu Provincial CPC Committee, Jia Zhijie, provincial governor, Lin Hujia, leader of the State Council's leading group for the development of Hexi and Dingxi and Gansu and Xihaigu in Ningxia, and other comrades on construction progress in Gansu's impoverished areas.

He had learned that, following the policy decision by the CPC Central Committee and the State Council on changing the outlook of central Gansu, the impoverished areas in central Gansu, represented by Dingxi, succeeded in basically achieving, after several years' of hard work, the objective of checking the destruction of vegetation and further alleviating the problem of food and clothing for the masses. But he still could not set his mind at rest because the trip he made 5 years earlier had left a very deep impression on him. He wanted to see with his own eyes, and to ask face to fact, if the phenomena of scraping turf and digging tree roots still existed, and if there were still hungry-looking peasants. For this reason, he decided to make this trip to Dingxi.

"There Have Been Great Changes Over the Past Few Years!"

In June, with the verdant wheat, yellow rape flowers, and green grass and trees all over the mountains and plains, and the dim curtain of rain covering the dazzling yellow earth, the arid land also looked lovely.

Seeing on the way that some dilapidated mud cave dwellings had been replaced by new houses, many of which had tiles on the roof, Premier Zhao said: "Previous houses with walls of rammed earth have now been replaced by tile-roofed houses."

"In Developing Agriculture We Should Act According to the Law of Nature"

At the report meeting and on the way to make his investigation, Premier Zhao expressed some very important views on the development of agriculture, especially the question of what the impoverished areas should do to overcome poverty and become better-off.

Premier Zhao expressed satisfaction over the progress Gansu had made in the development of Hexi and Dingxi. He said that these achievements are the results of creative implementation of the central policy decision. Premier Zhao stressed: In rural work, we should unswervingly continue to implement the line, principles, and policies laid down since the 3d Plenary Session of the 11th CPC Central Committee and make further efforts to deepen rural reform. As for how to develop agriculture, all localities should proceed from their own actual conditions and act according to the law of nature. It is necessary to seek truth from facts and suit measures according to local conditions. Arid areas should take into account their local conditions and develop drought-enduring crops; where conditions permit, they should also build water conservancy projects. We cannot do without water conservancy projects. Without water, trees will not grow, and neither will grass. In the Gobi Desert, where there is water there is an oasis; where there is no water, there is desert.

Premier Zhao stressed: In rural work we should have definite orientation, work out clear plans, and take steady steps. The previous practice of wild upheavals characterized by sudden changes over the years yielded unfavorable results. You should avoid repeating past mistakes but act completely in accordance with your practical conditions.

Zhao Ziyang pointed out: Since there is a vast expanse of land in Hexi, we should encourage peasants to set up household farms and skilled people to open up the land. It is necessary to work out some policies. We should refrain from collecting taxes for several years from the wasteland they have reclaimed. Moreover, we should provide them with fertilizer, machinery, and technical services. If large grain-growing households emerge in large numbers in Hexi, agriculture in this area will probably take a big step forward.

When Comrade Jia Zhijie said that over the past few years labor service export from the arid, impoverished areas of central Gansu has developed so rapidly that 600,000 people annually work in other areas, including 200,000

people from Lingxia Autonomous Prefecture, Zhao Ziyang was very much interested. He asked: Where do these people go? Do they go in an organized way or does each go his own way? Premier Zhao said: It is fine for Gansu to increase its labor services and there is great potential to develop labor services here. Labor power usually flows from impoverished areas to developed areas while technical personnel usually flow from developed areas to impoverished areas. Such a flow is rational.

Talking about what the impoverished areas in central Gansu should do to overcome poverty and become well-off, Zhao Ziyang said: Dingxi has proposed a path of taking comprehensive measures, traveling by water where there is water, traveling by land where there is no water, and finding other routes where it is inaccessible by water or land. This is a correct path. The arid areas in central Gansu should be traversed by water and land. By finding other ways out we do not merely mean moving people to Hexi. We can also export labor services, run township and town enterprises, or engage in diversified undertakings and sideline occupations.

Making nothing of the hardships, Premier Zhao completed the tour in 5½ hours. When he returned to his dwelling place in the downtown area of Lanzhou, it was dark and the evening lights were lit.

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NPC VICE CHAIRMAN GENG BIAO INSPECTS TIANJIN 13-18 JULY

SK040056 Tianjin TIANJIN RIBAO in Chinese 19 Jul 87 p 1

[Text] Geng Biao, vice chairman of the NPC Standing Committee, made an inspection tour of Tianjin from 13 to 18 July. He fully affirmed the achievements scored by the municipality over the past few years in implementing the policy of carrying out reform, opening to the outside world, and invigorating economy, and was satisfied with the work done by the municipality in the fields of production development, urban construction, and doing tangible things for the people.

Over the past few days Vice Chairman Geng Biao inspected the container wharf of Tianjin Harbor, Central Ring Road, a special handicraft plant, the ancient cultural street, the small afforestation zone to the north of the cadre sanatorium, and the Yangliuqing painting house. Vice Chairman Geng Biao also listened to the report by a responsible person of the municipal People's Congress Standing Committee. In addition, he offered many important suggestions on how leading cadres should actually change their workstyle, oppose bureaucratism, and uphold the socialist legal system and on how people's Congress Standing Committees should strengthen legal supervision.

During his stay in Tianjin, Comrade Geng Biao had talks with responsible comrades of the municipal party committee, the municipal People's Congress Standing Committee, and the municipal government, including Wu Zhen, Nie Bichu, Zhang Zaiwang, Bai Hua, Shi Jian, Liu Jinfeng, and Huang Yanzhi.

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CSO: 4005/915

FANG LIZHI PRESENTS PAPER AT GUANGZHOU SYMPOSIUM

HK060447 Hong Kong HSIN WAN PAO in Chinese 5 Aug 87 p 4

[Dispatch by reporter Chen Shao-chiang (7115 1421 1730): "Fang Lizhi Not Restricted From Normal Scientific Research Activities"]

[Text] This morning, famous Chinese astrophysicist Fang Lizhi was interviewed by some Hong Kong reporters. He said that he is now engaged in scientific research work and his activities are not subject to any restriction. He also said that every Chinese citizen should be concerned about China's future development.

Fang Lizhi is deputy president of the Chinese Astronomy Society and president of the Academic Society of Astrophysics and the Theory of Relativity. He is now participating in an international symposium on experimental gravitational physics being held at the Nanhu Hotel, Guangzhou. This morning, he read his thesis "Gravitational Wave and Cosmology" (in English) to the symposium. When he was walking to the meeting place, he was interviewed by a group of Hong Kong reporters.

Being asked about his recent conditions, he smiled and said: "Things are going on very well." Then the reporters asked whether he had recently taken part in any political activities, he said that: "I participate in all normal activities," and am not subject to any restriction. A reporter asked him whether he will continue to concern himself with China's future development, he said in a serious manner: "I think that this is something all Chinese citizens should be concerned with."

Fang Lizhi said that he is now guiding the studies of a number of postgraduate students, and students of the Science and Technology University often visited him. He said that he is now spending 95 percent of his time on research work. He said that he visited Hong Kong in 1978, 1981, and 1983, and has many friends there. He expressed gratitude to the friends and students in Hong Kong who care about him.

The international academic meeting that he attended today was sponsored by Zhongshan University. More than 170 scholars from the U.S., Australia, Italy, and China attended this symposium. The meeting's chairma, who came from the U.S., said that Fang Lizhi will be invited to Stanford University for an academic exchange.

CPC CIRCULAR CALLS FOR EMULATING FIRE FIGHTERS

OW041331 Beijing XINHUA Domestic Service in Chinese 2312 GMT 2 Aug 87

[Text] Beijing, 3 Aug (XINHUA)--The Organization Department of the CPC Central Committee recently issued a circular calling on party organs at all levels and the vast number of party members to learn from the advanced party organs and exemplary party members who distinguished themselves in fighting the Daxinganling fire so that they can play an exemplary vanguard role in the new historical period in a still better way.

The circular recommends six examples: The party committee of the No. 2 battalion of a certain regiment under the Shenyang Military Region; the party branch of a road and bridge company of a certain engineering corps regiment under the Shenyang Military Region; the party committee of a certain frontier battalion under the Heilongjiang Provincial Military District; the party branch of Qianshao Forest in Mehe County; the party branch of No. 1 brigade, the Daxianganling detachment, armed forest police corps of Heilongjiang Province; and Comrade Li Mingjiu, a party member at No. 2 middle school of Mehe County.

The circular says: The exceptionally large forest fire in Daxianganling tugged at the heartstrings of the people across the nation. In the struggle to put out the fire, the People's Liberation Army fought heroically, obeyed orders and command, dared to stand up to the fire, and performed exceptionally meritorious services. The forest police corps charged ahead of others and acted as a shock brigade. The vast number of workers in the forests stood in no fear of the fire and combatted bravely. Many units and departments across the nation also made active contributions to putting out this forest fire. This struggle represented a rigorous test for our party organs, party members, and cadres. Many party organs and members did very well in the face of life and death struggle and for public and personal interest. They are worthy of the glorious title of the vanguard of the working class and the vanguard fighters with communist consciousness. Many advanced party organs and exemplary party members have emerged. In the face of the fire, they had the interests of the state and the people uppermost in their minds and translated their ideals and discipline into conscious actions to fight and stamp out the fire. They fought day and night bravely and tenaciously, vying with one another for the most dangerous and difficult jobs. After the fire, they endured the torments of hunger and the hardships of fieldwork to deliver relief goods as quickly as possible and to help the people overcome difficulties, rebuild their homes, and resume

production. Through their actions, the people saw the great image of the party, experienced the warmth of the party and the government, and thus greatly enhanced the relations between the people and the party, cadres, and the army. By rendering services to the people they have added luster to the party flag. They are worthy of praise and emulation.

The circular points out: In the face of the rigorous test of the Daxinganling forest fire, a handful of party organs failed to display their proper fighting capability; some cadres displayed their serious bureaucratism; some party members, caring for nothing but saving their skin, failed the test by sneaking away at the critical time. A handful of people even seized the opportunity to profit themselves at the expense of the state and the people. Their despicable actions are detestable. However, these problems have attracted the attention of relevant party organs and stern punishment will be meted out after investigation.

In connection with actual conditions in their respective localities and departments, the circular urges all units to organize party members to earnestly learn from the advanced deeds in fire fighting so that party members will receive education on how to be qualified communist party members in the new historical period. The localities should combine this education with the campaign to organize party members to plunge into the practice of construction and reform and with the deep-going and sustained efforts to perform advanced deeds and set good examples. It is necessary to enhance the management and supervision of party members, uphold what is just and drive out what is evil, enforce party discipline, and raise the quality of party members. In carrying out this work, we should pay attention to summing up and publicizing the experience of constantly building the party in the wake of party rectification so that the vast number of party members will play an exemplarily vanguard role in the new historical period in a still better way.

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CSO: 4005/915

BAN YUE TAN ASSESSES EVILS OF BUREAUCRATISM

HK051500 Beijing BAN YUE TAN in Chinese No 13, 10 Jul 87 pp 4-5

[Article by Xue Zhongxin (5641 0022 2450): "Warning From the Forest Fires"]

[Text] The fires at the Daxinganling Forest have finally been extinguished. The fires were a major calamity as well as a warning. The sounding of the alarm tells everyone that bureaucratism is a terrible malpractice that undermines the people's interests and a huge tumor that jeopardizes construction of the Four Modernizations. It is imperative to oppose bureaucratism!

After the fires came some reassuring news reports. Not a few localities and departments really paid attention to dealing with transportation and production accidents. They not only dealt with people directly responsible but also questioned the responsibilities of leaders. They also began to pay attention to possible incidence of flooding, fires and other potential dangers, and took preventive measures. These may be called the by-products of the forest fires.

However, bureaucratic happenings in real life are nothing new and are in fact, common features. Separation from the masses, abuse of authority, detachment from reality and from the people, fondness for putting up appearances and making empty talks, ossified ways of thinking, stubborn adherence to conventions, bloated agencies, procrastination in conducting business, disregard for efficiency, irresponsibility and untrustworthiness, mouthing of official documents, passing the buck, and pretentious bureaucratic airs, frequent lecturing, retaliation and revenge, suppression of democracy, deception of superiors and of subordinates, arrogance and overbearing attitudes, private gains and acceptance of bribes, greed and violation of laws and many others-- these principal bureaucratic manifestations and dangers as enumerated by Comrade Deng Xiaoping have long been suffered and detested by the great masses.

In particular, in these times of reforms and struggle for modernization, with its emphasis on efficiency and results, bureaucratism is extremely contradictory to the pulse of the times and becomes a stumbling block in the road to progress. As Comrade Deng Xiaoping pointedly stated, such malpractice as bureaucratism "undermines and, in fact, undermines severely the full play of the superiorities of socialism. If not thoroughly reformed, it will be difficult to meet the urgent demands of modernization, and we will be seriously removed from the masses."

Those of us who are in high leading positions should reflect on this: after assuming vast authorities, what must be designated as first priority? Is it responsibility, power, or interest? Is this interest that of the people, of a small collective, or that of one's own? If we try to shift responsibilities to others, yet try to contest for power, how can we still be called the people's public servants? Or speak of serving the people? Do we not become out and out bureaucrats? It is absolutely imperative to remember that the interests, lives and properties of millions and millions of people are often lost owing to negligence of duty or abuse of power by leaders; it is also imperative to remember that the people's faith in the party and in socialism are often undermined by the evil effects of bureaucratism. Does all the street talk and indignant complaining of the common people not pain us and make us ponder deeply?

Yang Zhong, minister of forestry, was dismissed from his post owing to major responsibility for the forest fires; the news was reported in television and newspapers, and everyone agreed that it was just. It is necessary to create such an environment and atmosphere where leaders at all levels cannot become "complacent officials". Once serious damages have been brought upon the country and the people, concerned leaders must take the blame and resign from their posts, or the responsibilities of leaders and other concerned persons must be pursued in accordance with party and state laws. It is necessary to let people know that the "offices" of the Communist Party are not easy to assume. To be an official and not do anything is not right, and to neglect or abuse power is absolutely intolerable!

Fundamentally speaking, overcoming bureaucratism would require the reform of our political system. The defects in the system led to the reinforcement and intractability of bureaucratism. The 13th CPC Congress will propose a resolution on reform of the political system, which will be conducive to a thorough settlement of the problem.

As for the leaders themselves, the question of ideological style and state of the spirit is involved. As the people entrusted us with a sacred mission, we must think for the country, make plans for the people and work for the great cause of the four modernizations. With vast responsibilities on us, we should exert the utmost efforts and overcome all obstacles in our work. In "In Memory of the Second Campaign", Zhuge Liang said: "The day I received my orders, I did not sleep or eat well." As Communist Party members entrusted with a mission by the country and the people, then, we should "pay close attention to the welfare of the people and forget our comfort or interests."

The fires destroyed vast tracts of valuable forests, which it is extremely regrettable. But they also burned down the hiding place of bureaucratism and exposed bureaucratism, which is a good thing.

The fires have been extinguished and the alarm sounded. To eliminate the bureaucratic malpractices and to shoulder the heavy tasks entrusted by the people are steps in the direction of prosperity for the state and the nation!

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CSO: 4005/915

ECONOMIC REFORM IN MINORITY NATIONALITY AREAS

HK060927 Beijing JINGJI GUANLI in Chinese No 5, 1987 (undated), pp 15-18

[Article by Deng Bihai (6772 1801 3189): "On the Reform of the Economic Structure in Minority Nationality Areas" -- edited by Lin Daojun (2651 6670 0689)]

[Text] The "Decision of the CPC Central Committee on the Reform of the Economic Structure" pointed out: "Regarding how to carry out the reform of the economic structure in the minority nationality areas, particularly full consideration must be given to the special features of the local areas."

In my opinion, the commodity economy of the minority nationality areas has 9 principal special features: 1) The nationality character of the commodity economy principal body -- this is the special feature which must be given first consideration in the reform of the economic structure of the minority nationality regions; 2) the locality character of the commodity economy objective body -- this is an objective condition which cannot be neglected in the reform of the economic structure of the minority nationality regions; 3) the remoteness factor of the markets of the commodity economy -- poor communication facilities, inadequate transportation facilities and high transportation charges and so forth are all caused by this feature; 4) the tardiness factor in the steps taken by the commodity economy -- up to now in many minority nationality regions, the commodity economy has progressed slowly and the natural economy is still in a predominant position; 5) the backward character of the current state of the commodity economy -- manifested in the small volume of output value, small relative weight of industry, low commodity rate, poor economic benefits, with individual regions still in the state of a barter economy; 6) the shallow character of the foundation of the commodity economy -- both agriculture and industry are looking to "heaven" and "earth" for development, while commerce is vainly taking the rounds in the hilly regions; 7) the potential character of the strong points of the commodity economy -- the minority nationality regions are vast in areas and have plentiful resources, but these strong points are mostly concealed and, generally speaking, industries and products of a superior quality are still non-existence; 8) the difficult character of the development of the commodity economy -- development of the commodity economy in the minority nationality regions suffers not only from the restrictions of material factors but also more importantly from the restrictions of human factors,

since the shortage of capable personnel and the outflow of talented people have made it difficult for the minority nationality regions to assert their strong points in commodity competition; and 9) the passive character of the cells of the commodity economy -- regarding the enterprises in the minority nationality regions, aside from their special features of the non-demarcation between the party and the government and between the government and enterprises, lack of decisionmaking power, and so forth, they have suffered to an even larger extent from the restrictions of such non-structural factors as information and intelligence, communications and transport, science and technology, and so forth, and their passive character is even more obvious when compared with enterprises in regions inhabited by people of the Han race.

Obviously, when studying the road to the reform of the economic structure of the minority nationality regions, we should start from the above-mentioned special features. Only by so doing can we find the correct direction and the correct breakthrough points.

I. New Problems in the Reform of the Economic Structure of the Minority Nationality Regions

Following the development of the reform of the economic structure, the commodity economy has achieved a rather great development in the minority nationality regions. During the Sixth 5-Year Plan, agriculture grew by 45.2 percent, industry increased by 70.5 percent and the retails sales volume of the social commodities increased by 102.3 percent. However, in certain respects the originally existent disparity between the minority nationality regions and regions inhabited by the Han race was further enlarged. For example, in 1980 the per capita industrial and agricultural gross output value in the minority nationality regions was 445.9 yuan, equivalent to 58.77 percent of that in the regions inhabited by the Han race; in 1985, it was 591.2 yuan in the minority nationality regions, equivalent to only 47.32 percent of that in the regions inhabited by the Han race. Hence the disparity was enlarged by 11.45 percent.

There are objective causes for the expanded disparity, but more important, in the course of the reform four new problems emerged, and these are: being "towed by the same boat," generalization, "one single stroke," and one discussion point.

The first refers to execution of guidelines as being like "towing by the same boat."

It is true that there are common points in the commodity economy of the minority nationality regions and that in the regions inhabited by the Han race; hence the basic guideline of the reform is also applicable to the minority nationality regions. But the commodity economy in the minority nationality regions has the abovementioned special features which are different from the regions inhabited by the Han race. This thus

determines that the reform must start from reality and that the basic guideline must be suited to the differences of the races. Judging from the actual practices in the reform in the past several years, insufficient work was done in this connection and frequently there was "towing by the same boat" as the Han regions.

The past system of people's communes characterized as being "large in size and collective in nature" was obviously not suited to the development level of the rural productive forces in the minority nationality regions. It hindered not only the development of the commodity economy but also that of the natural economy. As early as at the end of 1978, the CPC Central Committee had called for the reform of this system. The minority nationality regions which already enjoyed the power of autonomy could very well have made use of the advantageous conditions of "timeliness, topographical advantages, and people's support" to actively carry out the reform but the majority of the regions were willing to be towed by the same boat as the Han regions and would not take a step forward first. By the time the Han regions started to move some of the areas "stalled" and stayed put, believing that the reform "was neither needed nor a must." As a result, the reform was behind other areas by 1 to 2 years. In the case of the state monopoly of the purchasing and marketing of grain, the practice of "towing by the same boat" applied and when the change was made to "purchasing by contract," the same practice likewise applied. The contract system was a good measure helping the Han region to solve the difficult problem of selling grain but in the minority nationality regions it was changed into the form of stiff apportioning with the development of the economy in the Han region, the method of raising funds from the populace to undertake public welfare work was used. The nationality minority regions likewise followed the practice of "towing by the same boat," but fund raising there resulted in imposing an unbearable burden on the peasants.

There are very few large enterprises in the national minority regions, the number of medium enterprises is also small but there is a large number of small enterprises. Small enterprises should have more decisionmaking power but, as it is, large, medium and small enterprises are "towed by the same boat," and there is not much difference in decisionmaking power among the enterprises.

Development of the commodity economy requires the development of tertiary industry. Judging from the history of the developed countries, tertiary industry can rapidly rise only after the full development of the primary and secondary industries. In the minority nationality regions, primary industry is still very much behind while secondary industry is very undeveloped but some of the areas have "taken the same steps" as the Han areas and sounded the call asking the "worker, farmer, soldier, student and merchant classes to rise in unison and go into business." Result: The situation of several people fighting for the same bowl of rice.

The second is the generalization of the policies in enforcement.

Since the founding of the PRC, the party and the government have formulated many policies giving special and favorable treatment to the minority nationality regions. However, after the start of the reform of the economic structure and in the further implementation of these policies, the enforcement has become generalized, resulting in the benefits which the regions originally should have had being either greatly reduced or lost altogether. This has adversely affected the development of the commodity economy.

For example, in recent years the nationality trade "three favorable treatment" policy enacted by the central authorities in 1963 has not been strictly enforced. The policy stipulates that the state-appropriated self-owned funds of the wholesale and retail enterprises engaged in nationality trade should respectively be 50 percent and 80 percent of the circulating funds. This stipulation has hardly been followed by nearly all the enterprises engaged in nationality trade and the differences are sometimes very great. This has compelled the enterprises to greatly increase their bank loans and consequently the payment of interest thereon. The price subsidy stipulated in the policy was at one time abolished in certain of the areas; though subsequently restored, the subsidy amount has been reduced greatly, thus adversely affecting commercial purchases and sales and the people's living. The policy stipulated that the enterprises could retain 20 percent of the profits; subsequently, this was replaced by the system of "taxes-in-lieu-of profits" as in the case of the Han regions and the 8-grade excess cumulative tax was enforced.

The third is the adoption of the "one single stroke" measure.

In recent years, in the whole country fixed assets investments have inflated and there has been an excessive issue of banknotes. In order to solve this problem, in 1985 the state adopted measures to control the scale of credits and loans and the issuance of banknotes. In actively organizing the return flow of money and tightening the money market, these measures have achieved definite results and ensured the smooth progress of the reform of the economic structure and the sustained stability and coordinated development of the national economy. But they have neglected the present condition of enterprises in the minority nationality regions, especially the township and town enterprises, and failed to pay due attention to their backward and weak foundation. The stipulation was that "when applying to the agricultural bank for loans, township and town enterprises and specialized households must in general possess self-owned funds up to 50 percent or at least 30 percent in the case of those enterprises which are in difficulties," otherwise "the application will be rejected." We should note that in the minority nationality regions many state-run enterprises which have been in operation for many years do not have self-owned funds to the extent of 30 percent and that even fewer of the congenitally deficient township and town enterprises and individual enterprises which have not been in business for long can reach this standard. This "one single stroke" measure has caused many township and town enterprises and individual enterprises to fall into difficulties due the lack of circulating funds, the inability to fully display their production capacity, and the restrictions in general on their business activities.

The fourth is the one point discussion in the analysis of problems.

Lateral economic and technological cooperation and union are the road which the minority nationality regions must take in displaying their strong points and avoiding their weak points and developing the commodity economy. The nucleus of the union is mutual aid and mutual benefit. If the minority nationality regions wish to gain something they must not be afraid of losing something. When we take a long-term view, judge the situation as a whole and find that the gains outweigh the losses, then we must resolve to go ahead; proceed just the same if the profits are minor ones; likewise proceed if there are no gains and no losses; if we lose now but shall gain in future, then proceed; and if we lose in one project but gain in another and the gains and losses are about even, we must also go ahead. Unfortunately, many regions and units only want gain and are afraid of losses; they expect others' help but are unwilling for others to gain more profits. The results are: The development of the lateral combination is slow; the abundant natural resources cannot be speedily developed and the resources' strong points cannot be converted into the commodities' strong points.

Naturally, commodity economy in the minority nationality regions must also take the improvement of economic benefits as the central point. But many departments and units can only understand that they must make money for themselves and thus neglect the macroeconomic benefits and the social benefits. They have merged or abolished commercial networks and points, been unwilling to handle commodities which yield little profit or no profit and have generally caused the people new difficulties in buying and selling, to the extent that even table salt, kerosene, chemical fertilizer, needles and threads cannot be procured in the markets.

Withdrawal by the state of the system of unified purchases and levy purchases of agricultural and animal husbandry products has aroused the enthusiasm of people in the minority nationality regions for developing the commodity economy. Unfortunately in certain regions, state-run commerce has neglected to actively take up and participate in the responsibilities of market regulation and devoted little effort to organize purchasing and marketing so that the peasants' and herdsmen's commodity production expanded blindly and aimlessly while many of the products could not realize their value because of the lack of buyers. This attracted much adverse comment from the populace.

The appearance of these problems in the course of the reform is possibly unavoidable, but they must not be overlooked. In order to facilitate the development of the commodity economy in the minority nationality regions, they must be gradually solved in the reform from now on.

II. The General pattern of the New Economic Structure in the Minority Nationality areas

After the reform in several preceding years in the minority nationality regions, the economic structure's old power-concentrated and ossified pattern

has begun to be broken down, but a new pattern which is full of life and vitality is still in the process of probing and actual practice. In my opinion, the minority nationality regions, following the intensified reform, should establish an economic structure which takes as its starting point the special features of the commodity economy of the locality and is capable of facilitating the development of the commodity economy in the localities. The general pattern of such a structure may be described as follows:

1. It is a parallel and crisscrossed comprehensive economic structure which has many functions and which can push the conversion of a semi-self-sufficient natural economy into a fully self-sufficient natural economy and can at the same time promote the conversion of a natural economy to a commodity economy.

The great development of a commodity economy always appears after the great development of a natural economy and this is a general law of historical development. The natural economy which is in place in the minority nationality regions is of two different types, namely, the semi-self-sufficient type and the wholly self-sufficient type; in areas which have not yet solved the problem of dressing warmly and eating one's fill the economy is a natural economy of the semi-self-sufficient type. The pattern of the economic structure newly built on this basis should be different from that in the regions inhabited by the Han race. This pattern must first possess the function of promoting the conversion from a semi-self-sufficient natural economy to a wholly self-sufficient natural economy and at the same time must also possess the function of promoting the conversion of the natural economy into a commodity economy. These two functions proceed in parallel and in a crisscrossed manner, putting their roles into fully play according to different conditions and in a comprehensive manner. For example, in the case of purchase contracts, in areas where the commodity economy has developed to a certain extent, they may be of a mandatory nature whereas in areas where the commodity economy is still fragile, they should be of a voluntary nature.

2. It encompasses a multi-layer ownership composition in which the state-run economy takes the lead the collective and individual economies are the principal bodies and which can ensure the socialist direction for the development of the commodity economy and at the same time can strengthen the motive force of the development of the commodity economy.

Intensification of the reform in the nationality minority regions must be based on the special features of the local commodity economy's slow, backward, and fragile character and in the commodity producing and commodity circulating regions, and boldly develop the collective economy and the individual economy, placing them in a principal position. In particular, in the impoverished border mountainous regions, we must dare to have a free hand in developing the individual economy. Being "large in size and collective in nature" cannot promote the development of the commodity economy.

3. It is a planning structure in diversified forms which takes plans of a guiding nature and regulation by the market mechanism as the principal factors and mandatory plans as the supplementary factor, being able to control the macroeconomy and also to invigorate the microeconomy.

The important economic activities of large and medium-sized enterprises in the minority nationality regions and the production and operation activities in important raw materials and products with a bearing on the national economy and the people's living need to be carried out under the guidance of mandatory plans. But since these kinds of enterprises and raw materials and products are in the minority, mandatory planning should be in a supplementary position, and guidance planning and regulation by market mechanism should take the principal place. Under the conditions of poor transportation, communications, and information and intelligence facilities, the rather prolonged production period of many agricultural, animal husbandry, and forestry products and the difficulties industries have in changing their lines of production due to restrictions of funds, technology and equipment, and in order to overcome the innate blind nature of the commodity economy, we should pay special attention to the role of guidance planning. In the case of products which are in small quantity and produce little effect in general, they should be subjected to regulation by market mechanism.

4. It is a commodity circulation structure which covers many points and a wide area, is of the opening type, and can serve the dual purposes of increasing the economic benefits and facilitating the purchasing and marketing activities of the populace.

The new pattern of a national commodity circulation structure will possess the special features of there being many constituents, diversified forms, many channels and few links or stages. Minority nationality regions should also possess the special features of many points, an extensive area, and being of the opening type. A commodity economy should take improvement of the benefits as the central task; but this type of improvement should not, and cannot, depart from the concrete conditions of the sphere of activities. Minority nationality areas have a vast territory, but their communications facilities are poor, the population is sparsely distributed, purchasing power is small and the agricultural and sideline products are not centralized. Objectively, the demand should be for the establishment of a circulation structure which covers many points and a vast area and only by so doing is it possible to simultaneously facilitate the people's purchasing and marketing activities and improve the economic benefits. Hence, state-run and collective commerce should not think about or plan the merging or abolition of commercial networks or points but should devote their efforts to invigorating their business operations. Minority nationality regions are located within provincial limits and national border limits and in general industry flourishes in the eastern portion whereas the western portion has the advantages of abundant resources. We should make use of the locality disparity, break the demarcation in administration, open up to other

provinces and to foreign countries, and facilitate interflow between the east and the west. In the case of the commercial organs of the localities, those trading in the eastern portion should buy from the east and sell to the west; conversely, those trading in the western portion should sell to the east and buy from the west. At the same time, outside commercial units coming to the regions to do business are welcomed. This is a good method to invigorate circulation, improve the economic benefits, and provide facilities to the public.

5. It is a price structure in which free prices and protective prices coexist and which offers the dual advantages of promoting competition and protects the nationalities' interests in the commodity economy.

The price structure in the minority nationality areas should envisage rather big differences from that in the inland. Aside from the free prices, there must also be protective prices. Prices for products locally produced and for local sales should be entirely liberated or open in order to facilitate competition. As for products locally produced and for sales in outside places, we should adopt the policy of enforcing the lowest price limit and national finance undertaking to subsidize the operation losses. Furthermore, the scope of coverage should be expanded to include not only agricultural products but also industrial products. This protectionist policy will still be necessary for a rather prolonged period from now on. This is because there are many problems in this connection which cannot be solved within a short period. These problems in the minority nationality regions are: low commodity production level, long transportation distance in commodity circulation, existence not only of "absolute land rent" but also "differential land rent," low or secondary quality but high prices of industrial products, transport cost of agricultural products higher than their purchase prices, and so forth. In the event of the abolition of the price subsidy, then the products for outside sales will either suffer from overstocking and stagnant sales because of high prices or be unable to cover their losses if the prices are lowered. Both of these are disadvantageous to the development of the commodity economy. As for products from outside which are for local sales, they should be accorded a differential treatment: those that can be produced locally should be subjected to free price fixing; important means of production and consumption which cannot be produced locally should be subjected to maximum price limits; losses suffered in operations because of price limits should continue to be made good by the state. If we do not do so, we will not be able to remove "factual inequality," and cannot achieve the objective of the co-prosperity of the nationalities.

6. It is a financial-taxation-currency structure which features self-reliance and state support and can serve the dual purposes of promoting "blood-making" and ensuring "blood transfusion."

In developing the commodity economy in the minority nationality regions, the basic emphasis must be laid on the foundation of self-reliance and on striving hard to strengthen the function of self "blood-making".

But state support in the nature of "blood transfusion" cannot be lacking. This is because the minority nationality regions suffer from not only "congenital deficiency" which cannot be overcome but also "postnatal disadvantages" which cannot be immediately changed. In the 1980 reform, the financial department adopted a new structure which called for "demarcation of revenues and expenditures, responsibility contracting at various levels, and fixing once for every 5 years." Relatively speaking this showed greater concern for the welfare of the minority nationality regions. It was stipulated that there would be an annual increase of 10 percent in the fixed subsidies and good results were achieved. In taxation, certain concrete special-treatment policies have been advocated though generally speaking concern and support have still been neglected. Thus, after the second stage of tax-in-lieu-of profit, although in some minority nationality regions the growth speed in commodity production was slower than that in the Han areas, yet the growth rate in taxation receipts was far higher than that in the Han regions. This is an abnormal situation. In the financial currency sector, special treatment given to the minority nationality regions has been even less -- charging a rate of interest on industrial loans similar to that in the developed areas has made interest payments in certain regions exceed 50 percent of the realized profits. In the reform of the financial, taxation, and currency structures, the "blood transfusion" cannot be removed but the form of the "blood transfusion" should be reformed. Certain readjustment work is still needed but more importantly we should centralize the forces, grasp well the major points, support and establish a number of backbone industrial and commercial enterprises, industries which can take the lead, commodity bases which have real strong points and "fist" or highly competitive products, improve the transportation conditions, raise the scientific and technological level of the population in order to improve the "blood making" capacity, and generally enable the potential strong points become actual strong points.

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CSO: 4006/859

ANALYSIS OF REFORM MOVEMENT PATTERNS

HK060021 Beijing JINGJI YANJIU in Chinese No 5, 20 May 1987 pp 27-32

[Article by Lou Jiwei (2869 4949 0251) of the investigation and research unit of the General Office of the State Council: "Movement Patterns and Development Prospects of Reform"]

[Text] The reform of our country's economic structure is currently at a crucial turning point and faces a series of important choices. (Footnote 1) (Sun Xiaoliang: "On the Choices Facing the Economic Reform," GUANGMING RIBAO, 3 Jan 1987 and Wu Jinglian: "Certain Thoughts Related to the Strategic Selections of the Reform," JINGJI YANJIU, Issues No. 2, 1987)

This article will present certain views on these problems.

I On the Reform's Movement Patterns

Reform of the economic structure has many possible movement patterns. So far as an aggressively progressive people is concerned, the movement patterns of reform of a non-disturbance type are generally of four kinds.

The first kind is the leap-forward type. Its special features are: an intensive knowledge of the national conditions, a close combination between reform and socio-economic development, determination of reform targets and development targets which are rich in progressive character, planning cooperative and coordinated programs, and organizing meticulous enforcement measures. Both the reform and social economy develop rapidly.

The second kind is the wave-upon-wave type. It has a general target outline, a series of target steps are taken along the direction of the reform, and between the various measures there may be no coordination. There are quite a few conflicts and contradictions between the old and new structures, between the various sides of the new structure, and between reform of the structure and economic development. When the contradictions are at last revealed, regulating and coordinated reform measures are taken, seeking the link-up of the measures taken both before and after.

The third kind is the rotating and repeating type. Its differences from the wave-upon-wave type are: When the contradictions are fully exposed the entire connecting reform measures are not immediately put up; when the conflict and

contradictions are accumulated and reach a stage endangering the normal operation of the national economy and the new structure lacks sufficient and effective methods to turn the tide, a portion of the methods of the old structure must necessarily be restored. The reform thus takes the movement pattern of taking two steps forward and one step backward.

The fourth kind is development of the stable and state-by-stage type. Basically the pattern for the composition of the socio-economic structure has been fixed, and the political and economic forces of the various parties are relatively balanced. Contradictions are constantly exposed and are constantly rectified and improved through partial reforms within the original framework of the structure, and social and economic development is pushed forward.

It may be said that there is no one people whose historical development can be wholly embraced in a single type of the pattern, except that in a certain stage of development one of the foregoing four types of pattern may appear in the movement process. The manifestation of a particular type of pattern is determined by the current concrete conditions of the socio-economy. It is extremely necessary to know our country's national conditions and to study the movement pattern that may appear in our country's current stage of reform and development.

In simple terms, the conditions of the fourth kind of movement pattern are: The social economy possesses a structural composition which is scattered in an orderly manner, the political and economic forces of the various parties have high-level representatives of their interests, and the direction of progress forward is constantly probed through relatively free discussions. Obviously, our country still does not possess these conditions. The first kinds of movement patterns are suited to countries which have developed late and are relatively power-concentrated. In the process of reform and development, countries which have only lately developed can select and obtain their targets through succession, comparison, and copying others' examples; relatively power-concentrated countries find it easy to take relatively large steps forward or can ensure that no disturbances will occur in the event of reversals. As for this category of countries, the kind of development pattern they can take is further determined by the quality factor of the people. In countries capable of the leap-forward type of development, the people usually have a strong centripetal force and can more readily absorb the essence of culture from the outside. Our country's people have a rather strong centripetal force. This is one point in favor of the smooth progress of the reform, but as Comrade Wu Jinglian said in his article: "Preparations of the theories on our country's economic reform are extremely insufficient; this, together with the petty rural society's traditional thinking of slighting or despising theories, has had extensive effects on society." This is extremely disadvantageous to the reform. In our country, experience-ism is relatively prevalent, theories are comparatively speaking scarce or lacking, and the ability to combine theory with practice to carry out policies and planning is rather weak and fragile. This condition can only be gradually changed following the reform's intensive development. Naturally there are still many other factors determining the movement pattern in our country's reform, but seen merely from the above-mentioned factors, our country's reform can hardly adopt the pattern of the leap-forward type, that is, starting from a high

level, taking large steps forward, and rapidly flying upward. The more workable method is to formulate a regulated and coordinated reform program on the basis of summarizing experiences and taking everything in, push the relatively backward reform forward, strive for the prospects of the reform progressing according to the wave-upon-wave type and do the utmost to avoid the occurrence of the rotating and repetitive state. Therefore, a systematic retrospect of the experiences and lessons of the eight years of reform is of key importance.

II Basic Contradictions Needing Solution in the Reform

This problem may be subjected to various generalizations from different angles. Reform is a grand-scale and systematic project. Looking at the relations between the system's organization structure, coordinated regulations and movement patterns, I believe that currently the reform faces the following basic contradictions: Through reform, the microeconomic movement pattern of the commodity economy has already achieved much development but the structural composition and the coordinated regulations are still of the old system, basically being the structural composition of a product economy and the coordinated regulations of a product economy plus material stimulation. In comparison with the microeconomic movement pattern, the latter two have clearly fallen behind and seriously restricted the former from further development.

In rural economy, the system of contracted responsibilities on the household basis with payment linked to output has been successfully enforced and agricultural production has taken on the movement pattern of the first stage of the commodity economy, but with regard to the agricultural productions and means of production for agriculture and the operations still basically adhere to the methods of the above-mentioned product economy. In particular, on the side of prices, the state principally still fixes the prices in an effort to stimulate the small-scale production of the thousands upon thousands of peasant households. As for this commodity of agricultural products which has a long production period and suffers from violent fluctuations, there has been a slow development and generation of a farm products futures market and related service structures which can effectively stem the fluctuations. This is an important cause for the violent fluctuations in agricultural production.

In the economy in cities and towns, the enterprises' decisionmaking power has been expanded and lateral combinations which have crossed over the ownership systems and industries and trades have developed. The enterprises fix their production on the basis of prospects of sales and the ground for autonomously developing new products has greatly increased. These are the important successes achieved in the reform of the past several years. In comparison with this microeconomic movement pattern of the commodity economy, the economic coordinating and regulating rules have fallen far behind. Take for example the price system and the taxation system. Enterprises under different ownership systems are subjected to different taxation methods, different kinds of taxes, different tax rates and different price-fixing methods. Under such conditions, joint operation among the enterprises may produce certain benefits but is frequently accompanied by various defects such as damaging the interests of the state and of the consumers, causing losses of revenues to the

state, inflating consumption and so forth. Strictly speaking, it is true no country in the world can boast of having an economy under which there is complete justice in competition. This is an important reason why all the countries must constantly reform and continuously improve their structure. But we must stress here that in our country, with regard to reforming the coordinating and regulating regulations and creating conditions for justice in competition, these measures have fallen far behind in comparison with the rapidly developed microeconomic movement pattern of the commodity economy. In fact, they have caused disadvantageous consequences that cannot be easily passed off in such sectors as income distribution and industrial structure.

Let us take another look at the current structural composition of our national economy. According to the development demands of the commodity economy, enterprises should seek direct economic benefits while the government principally provides the public services and the basic facilities and formulates policies governing management of the gross demand, income distribution and readjustment of the industrial structure. The economic structural composition should be thoroughly converted in accordance with these demands. Naturally, at each and every development stage of the reform, the conversion targets are limited and the conversion steps may be at times fast and at times slow. But the problem is that in relation to the relatively rapidly developed microeconomic movement pattern of the commodity economy, both the economic structural composition and the coordinating and regulating rules both clearly lag behind. Basically, the departments and regions are still demarcated, the governments at various levels principally seek direct economic benefits and arrange for production, while the enterprises carry on production and operations for the purposes of fulfilling tasks and various income targets assigned by the above though at the same time seeking their own economic benefits. As for the original division of power of an administrative nature, or changing the economic structural composition (Footnote 2) (See my article "Drawing Lessons From and Transforming the Power Division System" in "Comparison of Economic and Social Structures" magazine Issue No. 1, 1987) and even the new developments and economic policies, their enforcement basically still depends on level after level of administrative directives.

It is unavoidable that due to the unbalanced state in reform development certain loopholes have appeared. This should cause no undue alarm. Still we cannot be too careless. In reality, the uneven development in certain important aspects of our country's economic reform has already sown the seeds of endangering the reform itself.

III Situation Facing the Reform

Reform of the structure is for the purpose of seeking the coordinated and stable development of the economy. Setbacks suffered by the reform also frequently happen at times of impediments to the economic development. An extensive look into history reveals that the appearance of crises in the economies of socialist countries frequently happens at a time of inflation in demands and there is hardly any exception. Hence, analyzing the state of economic development, particularly analyzing the balancing condition of gross demand and gross supply, carries an important significance.

Since people are not unanimous in their understanding, I think we should first clarify certain concepts. Here, gross demand refers to the effective purchasing power generated by the whole society for the current year. Gross supply refers to the gross products which the existing production capacity can supply within the year under the condition that the rise in salaries and wages does not exceed the growth in the labor productivity rate. The so-called effective purchasing power does not include the residents' normal savings. Seen from the measuring targets, effective purchasing power, regardless of whether disbursed as a financial outlay or formed by input of credit or loan funds or cash, is ultimately manifested by the central bank's usages of funds. Hence, gross demand may be shown by the total volume of funds used by whole society in the central bank's table of balancing of funds less those items not generating any actual purchasing power (principally funds occupied in foreign exchange) and less the factors of the reduction and slowing up of money in circulation. The growth rate of gross demand thus calculated in general conforms with the growth rate of the gross volume of loans granted by the banks after deducting the factors of the slowing up of the circulation speed of the loan funds. Thus, it is more scientific to take the growth rate of the gross volume of loans after the above-mentioned deductions as the growth rate target of gross demand. In the concept of gross supply, production capacity includes a vast assortment of contents. These include not only the potential production capacity of such visible production factors as equipment capacity, land area and effects, foreign exchange reserves, labor power volume and technological level but also socio-economic regulation capacity which by means of the transfer of market intelligence and planned readjustment can bring about the high-grade union of the visible production elements and the realization of the potential productive forces.

As for those people formulating plans, policies, and reform programs, they face two basic problems. They are: First, how to estimate the visible production capacity, how to formulate policies and reform programs, how to improve the regulating capacity over the social economy and thereby push the gross supply capacity to an even higher level; second, on that basis, how to arrange for a gross demand level which is suited to the gross supply capacity and to readjust the demand structure so that the gross supply capacity can be realized and become realistic gross supply. In this context, if a forward view is taken according to the time schedule, both the gross supply and gross demand are flexible. If the work is done well, raising the gross supply for the year is entirely possible. This will require that the reform measures and the development policies are closely united and that readjustment of the structure and control of the gross scale are also closely united so that a correct selection is made. However, looking back according to the time schedule, it is found that the yearly figures are no longer flexible, that selection is already a thing of the past, that the visible and invisible capacities have been united to form realized product value or the gross supply manifested in the national income and that gross demand has become purchasing power substantiated by real goods as well as a rise in commodity price index unsubstantiated by real goods and not yet realized pressure of currency inflation. Hence, so far as the economic analysts are concerned, they may use the social gross output value of the various years or the growth rate of the national income to measure the growth of the realized gross supply and use the growth rate of the gross volume of the various loans to measure the growth of

the gross demand and thereby analyze the balancing conditions of gross demand and gross supply. They may proceed further and analyze the composition of supply and demand and the composition of the national economy formed by the cumulative compositions of the yearly supplies and demands, thereby know about the existing national strength, unveil the contradictions, and bring up the possibility of further improvements. By means of an analysis of this kind, it may be seen that the current situation of the reform and economic development is a serious one.

First, for three years in succession a supper-demand phenomenon of gross demand exceeding gross supply has appeared on the scene, forcing a rise in the commodity prices.

During the years 1984 to 1986, the annual growth rate of society's gross output value was respectively 14.7 percent, 16.5 percent and 9.1 percent, averaging an annual growth rate of 13.4 percent. (Footnote 3) (Unless specially mentioned, the figures cited in this article are taken from the relevant year's "Statistical Yearbook of China," and the 1986 Statistical Report of the State Statistical Bureau, RENMIN RIBAO, 21 February 1987). Moreover, all these were realized under conditions where both the increases in the people's per-capita actual salaries and wages and the peasants' income far exceeded the growth in the labor productivity rate. Hence, taking them to be the growth targets of the gross supply is already too high. In spite of this, the gross demand still surpassed the already inflated estimate of gross supply. Over the past three years, the increases in the gross volume of loans were respectively 32.8 percent, 22.9 percent and 28.8 percent, averaging each year 28.1 percent. Deducting the factor (2 percent) of the slowing down in the circulation speed of the loans, the net annual increase was 26.1 percent. (Footnote 4) (Computation of the loans increase rate was based on the quarterly financial statistical materials announced by the People's Bank (see the relevant issues of the Zhong Guo Jin Rong). Of them, the 1984 figures did not include the increase factors in the loans of the Construction Bank. The factor of the slowing down in the circulation speed of loans refers to the normal demand for loan increases due to changes in the economic structure and in the transaction forms, and does not include the abnormal factor of demand for loan increases due to the stockpiling of finished products). Compared with the growth rate of the gross output value of society, this was higher by 12.7 percent. The excess purchasing power formed by the gross demand exceeding the gross supply is manifested in the already realized rise in commodity prices and the pressure of the not yet realized rise in commodity prices. The former has already become history. The need from now on to digest or resolve the latter pressure for a rise in commodity prices deserves special attention.

Due to China's irrational price structure, and the prices of the initial-grade products tending to the low side, price reform will necessarily be accompanied by a normal rise in commodity prices. Let us assume that the entire portion of the already realized rise in commodity prices was normal. According to a relatively lax method of calculation, the price rise pressure left over from the three years is still found to be 8 percent. (Footnote 5) (The three years' average consumer goods price index was 7.1 percent. According to investigations of relevant parties, the ex-factory mixed price index of the

means of production approached 12 percent while the users' mixed price index approached 20 percent. The price index of the means of production in their entirety was estimated at 16 percent. Using the three years' average cumulative rate of 33.9 percent to make a weighted computation of the 7.1 percent and 16 percent, the mixed price rise index of the whole volume of products amounted each year to 10.1 percent. Deducting the average of 13.4 percent increase in gross supply from the average 26.1 percent increase in gross demand and further deducting the 10.1 percent already realized price increase, each year the left-over commodity price increase pressure was 2.6 percent. Thus, the three years' cumulative commodity price increase pressure was about 8 percent.) In countries with a developed market economy, the control over commodity prices is rather scanty. After a period of stagnating, the excess demand, or the great proportion of it, is reflected in the rise of commodity prices. In socialist countries, due to their wider adoption of control of commodity prices, a considerable portion of the excess demand is converted into the pressure for a rise in commodity prices and the usual manifestations are: A fairly fast rise in production cost, a fall in realized profits, and rise of commodity prices on a rather large scale upon the slightest readjustment of the prices. Although the fall in realized profits may be attributed to many direct causes, the basic ones are excess demand and control of commodity prices. This point was most noticeable in 1986 (fall in realized profits, 9 percent; fall in delivery of profits and taxes, 16 percent). Moreover, the great proportion of the pressure was shifted to this year and against this we must take the greatest precaution.

Second, since the "soft landing" of the economy in 1985, the scale of investment inflation has dwindled but over the past three years consumption inflation has increased steadily.

From 1984 to 1986, the average increase in the per-capita salaries and wages of the staff members and workers was 17.2 percent. Deducting from it the increase of 7.1 percent in the index for living expenses, the real increase in per-capita salaries and wages was 10.1 percent. The increase in labor productivity rate was 6.6 percent; hence the real increase in per-capita salaries and wages exceeded the increase in labor productivity rate by 3.5 percent, or a comparative rate of 53 percent. If we take into consideration that the relative weight occupied by social consumption out of the gross consumption volume increased from 8 to 10 percent in the past to 12.1 percent in the past three years, then the per-capita actual consumption exceeded the labor productivity rate by an even larger margin. And it must also be pointed out, in 1986 the increase in per-capita actual salaries and wages was 8.4 percent whereas the increase in labor productivity rate was only 4 percent. Hence the disparity was further enhanced.

Over the three years, the average accumulation rate was 33.9 percent. Investment was being inflated and seemed to be at an even higher rate than consumption inflation. But this was a false phenomenon. Taking various factors into consideration, this 33.9 percent cannot be compared with the past accumulation rate. The first factor is price. Estimating according to the living expenses index of 7.1 percent and the means of production mixed prices index of 16 percent, the 33.9 percent accumulation rate in name calculated on the basis of the year's prices was equivalent to the actual accumulation rate

of 32.1 percent calculated according to unchanged prices. The second factor is the proportionate rise in the accumulations of a non-productive nature. Third, the scale of introductions increased rather rapidly. The portion that could, through the domestic accumulations, create demand for the manufacturing industries and increase their capacity did not exceed 30 percent. Moreover, in this comparable accumulation the ratios of investments of a scattered nature and investments which were backward in technology and in economic scale rose and the portion that could create demand for the large industries became even smaller. This can be seen in the large and medium-sized enterprises under the system of ownership by the whole people not having sufficient orders, in their low equipment utilization rate, and in their growth in production being far behind that of the small enterprises.

The two points in the above analysis show that the gross demand exceeds the gross supply and that, although the comparable accumulation rate was comparatively normal, the accumulation volume tended to be too large; at the same time, the excess demand principally was an excess in consumption.

Third, the economic structure turning to the light-weight type.

The basic conditions are: the level of consumption structure has surpassed the structure and level of the processing industries such as light industry, textiles and food industries, the structure and level of the consumer goods processing industries are also ahead of the structure and level of such manufacturing industries as the machine building, electronics and instruments making industries, and the structure and level of the electrical instruments making industry are ahead of the structure and level of such basic industries and trades as the energy, motive power, raw materials, communications and transport, agriculture, forestry, animal husbandry and fisheries industries and trades. The seriousness of the problem lies in that there are few compensatory factors left and that the improvement conditions are not too advantageous. The most powerful compensatory factor appears to be making use of the foreign exchange reserves. But the country's foreign exchange reserves have already dropped from the peak of \$12.2 billion in September 1984 to \$2.26 billion in September 1986. (Footnote 6) (ZHONGGUO JINRONG, issue No. 12, 1984 and issue No. 12, 1986). Due to the fluctuations in the international currency situation, the various countries are engaged in readjusting their economies and the international economic situation as a whole is not so optimistic.

Early this year the national provincial governors conference decided on a correct policy calling for determinedly controlling the gross demand, readjusting the investment structure, retrenching and depressing the over-inflation of the processing industries, ensuring the development and construction of agriculture, energy industry, communications and the basic industries, and developing the activities of increasing production and practicing economy. In my opinion, seen from the current operation mechanism of the economy, it is still necessary to further and resolutely depress consumption. The reasons are: At present the localities and the enterprises are all actively adopting measures to increase the production of marketable goods. This is a rational choice, but if the consumption inflation continues, particularly if the demand for high-grade consumer goods is too brisk, this

will lead to the further expansion of the processing industries but since there is too high a reliance on importation of the corresponding raw materials this will be extremely disadvantageous to the readjustment of the economic structure. Depressing consumption makes market supply and demand generate changes which are beneficial to the readjustment; it can lower the demand for the processing industries and at the same time shift investments to concentrate on development the basic industries and the basic facilities. By so doing, we can avoid making the gross demand too brisk, increase the demand for the manufacturing industries so that their order books are full and they can make good use of the large amounts of stockpiled raw materials of the manufacturing industries. At the same time, if the profits of the processing industries drop further, some of their production elements will be liberated and shifted to agricultural production. All this amounts to displaying the strong points of the national strength and avoiding its weak points.

The problem lies in that it is relatively difficult to effectively depress consumption. As mentioned in the foregoing, due to the uneven development of the reform, we have greatly developed the microeconomic movement pattern of the commodity economy while, in comparison, the reform in the structural composition of the commodity economy and in the coordination regulations has progressed rather slowly, thus making the tasks of controlling the inflation of consumption and readjusting the distribution of the income extremely difficult. However, I still believe that if forceful readjustment and reform measures are adopted, it is still possible to depress consumption.

IV Development Prospects of Reform

In pointing out the existence of difficulties and problems in the economy at present, we certainly do not mean to refute the policy of opening to the outside the reform. On the contrary, I believe that they are the results of the opening and the reform not being thoroughgoing enough and that these two and economic development have not been integrated closely enough.

At that time in 1984 when the country's foreign exchange reserves were relatively plentiful, speeding up their use was a correct move, since, on the one hand, it supported the opening up both internally and externally and, on the other hand, made good use of the reserved national strength. The problem was that the portion spent on the then existing production and consumption tended to be too large while the portion of spending on readjusting the economic structure and reinforcing the stamina was too small. At the end of 1984, when the economy began to show signs of instability, the "soft landing" readjustment strategy was adopted and this also was entirely correct, since this avoided the use of extreme measures which might have caused an economic decline and provided a favorable opportunity for the shaping of a program which, by means of the mechanism of reform, creation and readjustment, could inject the element of readjustment into the reform. This was precisely the reform program the planning of which was started in the spring of 1986 and which touched on the major points of price, taxation, finance and currency. The central idea of this program was to lay stress on enforcing reform on the already relatively backward and principally on reform of the old structural composition and coordination relations so that they could catch up with the vigorously developing microeconomic movement form of the commodity economy.

Due to the non-unanimous understanding of the various sides the original program could not be enforced. Regarding this, certain comrades were of the opinion that this liberated reform from the pressure of going too fast and that removing the obstacles and making long-term preparations through the generations could greatly reduce the risks that the reform could encounter. (Footnote 7) (He Jiacheng and co-authors: "China" Economy Is Stabilized and Improved and Reform Takes a Historical Turn," SHIJIE JINGJI DAOBAO, 19 January, 1987). I cannot agree with their views.

A review of the course of events of the reform over the past eight years shows that the reform in our country, under the conditions of being devoid of successful experiences from the outside and insufficient preparations in theories, has taken the first and second steps in rural reform and in urban reform. On the foundation of drawing on both domestic and foreign experiences and making good the preparations in theory, pushing forward the formerly backward sides of the reform cannot be regarded as advancing adventurously and in fact means taking a firm step ahead. It is taking a firm foothold, passing through the first barrier, making good preparations through removing the obstacles, and striving for the realization of wave-upon-wave-like movement pattern of the reform. Contrarily, allowing the backward sides of the reform to continue to hobble along may bring about endless cycling and repetitions.

Over the past eight years, the reform has attained undeniable results. We have already established a definite foundation in such aspects as material strength, ideological and theoretical preparations, and capacity to learn from the experiences and lessons of various countries. Even though we are compelled to carry out readjustment, there is no need to adopt the extreme and violent measures of the year 1981. We should accomplish the integration of reform and readjustment, and on the basis of having already taken two large steps in rural reform and urban reform, make the side of the reform which advanced alone in the past retreat half a step, and make the past regressive side of the reform advance a step. We should instill the element of reform in readjustment, and first stabilize the economy which has been over-heated and which is sadly not coordinated in structural proportions, so that there will reappear the opportunity of systematically coordinating the reform and taking big steps forward.

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CSO: 4006/861

ECONOMIC PROGRESS FOR JANUARY-JUNE 1987 REVIEWED

HK050650 Beijing LIAOWANG in Chinese No 29, 20 Jul 87 pp 4, 5

[Article by Song Jishui (1345 0679 3055) and Wang Jian (3769 1017): "Good Momentum of China's Economic Development in the First Half of 1987"]

[Text] The year 1987 is already half over. How was our country's economic situation in the first half of the year? This is a matter of concern to everybody. According to the leading departments in charge of economic affairs, the momentum of the national economic development in the first 6 months of the year was good. However, the implementation of the state budget left much to be desired and the downward trend in the state financial revenues has yet to be reversed. In the days to come, it is all the more necessary for economic construction to clear the way to forge ahead in the course of reform.

At the beginning of 1987, the central authorities set forth the tasks to curb overexpansion in the economic sphere and to launch a "double increase, double economy" campaign, urging that we pay attention to economic growth rates while stressing economic results and extensively implement different forms of the contract managerial responsibility system among state-owned enterprises, in particular, large and medium-size ones, so that they will strive for development and efficiency in the course of reform. They increased investment in agricultural production and put particular stress on grain production. However, disasters and accidents of all kinds have occurred one after another since then, such as the big blaze in the North, serious floods in the South, factory explosions, and car collisions and shipwrecks in the traffic sector, causing tremendous economic losses to the state. Thanks to the correct leadership of and the measures promptly taken by the central authorities and with the concerted efforts by the people of all nationalities throughout the nation, we have surmounted numerous difficulties, enabling the economy to develop in a sustained and steady way.

In the first 6 months of 1987, the country's total industrial output value amounted to 492.7 billion yuan, 15 percent higher than in the same period of last year or 51.6 percent of the year's plan. There was a turn for the better in the economic results of industrial production. The growth rate of total industrial output value seems to be a little too high.

However, it does not seem high if compared with the 4.9 percent growth rate achieved in the first half of last year. Therefore, the growth rate can still be considered fairly normal. Light and heavy industries developed in a coordinated way. Energy generation and production of raw and semifinished materials continued to grow steadily. Half of the annual plan for energy production has been fulfilled in the past 6 months.

The situation in agricultural production is fairly good. It is expected that the output of summer grains will be equal to that of last year. If this year's summer grain production reaches such a high level, this will be no easy job. During the sowing season last fall, the North suffered from drought and therefore, the acreage of land there sown with wheat was smaller than that of the previous year and in last winter, many localities in the region lacked rain and snow and the area of land affected by drought thus expanded. Spring was accompanied by unbroken spells of wet weather and such natural calamities as low temperature, freeze damage, and heavy snows, which harmed winter crops in many places. In this situation, the State Council and the local governments and departments concerned at all levels made emergency arrangements to fight the natural calamities, promptly collected funds, chemical fertilizers, and energy resources to support agricultural production, and organized large numbers of cadres and agricultural technicians to go deep into the rural areas to study remedial measures together with the peasants, thus achieving tangible results. This shows that the ability of our rural areas to conquer natural disasters has been significantly enhanced.

Export quotas for the first half of this year have been overfulfilled and there has been an increase in the state's foreign exchange balance. The foreign trade deficit was down when compared with the corresponding period of last year. This indicates that we have been successful in the deepened reform of our foreign trade structure and in particular, some coastal cities, now working hard to develop an export-oriented economy, have contributed in earning more foreign exchange by exporting more goods. The number of foreign businessmen investing in China is continuing to grow, the orientation of investment is becoming rational, and most enterprises have performed fairly well. It can thus be seen that opposition to bourgeois liberation has not adversely affected opening up to the outside world as some people feared. On the contrary, the continued expansion of the situation of reform and opening up and the further improvement of investment environment in the open coastal cities, special economic zones, and economic and technological development zones have attracted more and more foreign businessmen to invest in our country. The market is continuing to be brisk and the purchasing, marketing, and stocking of commodities is fairly ideal.

In reviewing what we have done in the first half of 1987 and looking forward to the coming 6 months, we should bear what we have achieved in mind and stay sober-minded about the arduousness of winning victory in the economic work for the whole year and never, for the slightest moment,

slacken our efforts in this regard. Since the beginning of this year, although the economic results of industrial enterprises have considerably improved, the relatively high increases in the prices of the means of production have resulted in hikes in the costs and prices of some commodities and this in turn affected the attainment of better economic results by some localities and departments. The sharp increase in the investment in fixed assets has not yet been brought under effective control. The strain in power supply has curtailed production to some extent. In the flood season, damage and crop failures caused by floods and waterlogging may occur more frequently and will adversely affect agricultural production. The contradiction of the imbalanced commodity supply structure remains fairly pronounced and society's group purchasing power has yet to be put under proper control. Losses in foreign trade remain relatively serious. The downward trend in state financial revenues has not yet been reversed and the tasks for the coming 6 months are still arduous. Therefore, from now on, we should pay close attention to the work in various fields, draw up careful plans whether in formulating and readjusting policies or in taking specific measures, and strive to avoid making mistakes or to make as few mistakes as possible. People in the economic community say that the greatest effort should be devoted to doing the following things in the second half of this year and in the longer term.

1. The deepening of enterprise reform should be further combined with the "double increase, double economy" campaign. Vigorous efforts should be made to implement different forms of the contract managerial responsibility system, under which the base figures are fixed fast, the profits and taxes to be delivered to the state should be ensured, and one is entitled to retain more if the set quotas are overfulfilled but obliged to make up for the portion that failed to be delivered to the state as previously agreed upon. This will help enterprises tap their potential. In launching the campaign of increasing production and practicing economy which is conducive to raising economic results, we should concentrate on the rational use of energy and raw and semifinished materials and the redistribution, re-allocation, and use of stockpiled materials.
2. Continued efforts should be made to readjust the product mix to make our products more marketable. This is a pressing task at present and for the long term as well. At present we should restrict production of slow-selling goods and set aside more raw and semifinished materials, funds, power, and transport facilities to ensure production of marketable goods and further alleviate the contradiction of the imbalanced market supply-demand structure. Meanwhile, attention should also be paid to technological transformation and technological progress, the strengthening of the scientific management of enterprises, and to the continued improvement of product quality and the development of new products.
3. It is essential to have a clear picture of the situation in agricultural production. According to weather forecasts, in the second half

of this year there will probably be floods and waterlogging in the middle and lower reaches of the Chang Jiang and the regions of the Huang He, the Huai He, and the Hai He, and in the northeastern region. Therefore we should further strengthen leadership over agricultural production and continue to ascertain the acreage of land shown with various crops, strictly implement the policy of linking the purchase of grain through contracts with the supply of government-priced chemical fertilizers and diesel oil and the issuance of advance payments for future purchases and turn out more means of production for farm use, and strengthen the work of combating natural disasters and technological services and strive for a good harvest in autumn grain crops on the basis of a bumper harvest in summer grain crops.

4. Continued attention should be paid to the work of gaining foreign exchange earnings through export. The relationship between foreign trade and the domestic economy should be properly handled to promote domestic production. At present we should take advantage of the current favorable situation in export trade, speed up the readjustment of the export product mix, and export goods whose supply exceeds demand at home and as many finely processed goods as possible. As far as consumer goods which are in demand both overseas and domestically are concerned, priority should be given to exports before domestic consumption. All-out efforts should be made to gain foreign exchange earnings through exports. We must import as little as possible or refrain from importing products that can be manufactured at home and should study how to link the imported major commodities with domestic production to see that domestic production is not undermined. It is also necessary to operate foreign-funded enterprises properly, to assimilate and absorb imported advanced technology, and to increase the proportion of goods produced at home as quickly as possible.

5. While ensuring production and striving to increase and improve social supply, we should continue to adopt effective measures to curtail and control social demand, conscientiously implement the central policy of "three guarantees and restrictions," and put an end to the situation in which the scope of investment in fixed assets is large and rather stretched and the investment patterns irrational, a problem which has still not been properly solved. The excessively rapid growth in consumption funds should be curbed, various administrative and operating expenses cut down, and society's group purchasing power brought under control and at the same time, the range of price hikes should be brought under strict control to keep the market stable and brisk.

6. Vigorous efforts should be made to grasp industrial safety. All economic departments, in particular, productive enterprises, should regard it as a very important issue. It is necessary to uphold the principle of putting safety first and prevention first. Leadership at all levels should get rid of bureaucracy, increase work efficiency and take effective and practical measures to remove hidden perils in production and to minimize the losses resulting from natural disasters. Safety in production is the guarantee for raising economic results and therefore, it should never be treated lightly.

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CSO: 4006/859

PLANT DIRECTORS ON CONTRACT OPERATION

HK050603 Beijing RENMIN RIBAO in Chinese 22 Jul 87 pp 1, 2

[Report on interview by reporter Qu Qinglin (0575 1987 2651): "What Comes Next After The Contracted Operation of Businesses? -- Six Plant Directors and Managers in Beijing Talk About Deepening Enterprise Reform]

[Text] Reported by reporter Ou Qinglin: After implementation of the contracted operation responsibility system of "two guarantees and one articulation" and the policy of fixing one contract for 4 years in large and medium enterprises in Beijing, and after implementation of the system of tender bidding and leasing in small enterprises and in enterprises that have a small percentage of profit, how do the managers and producers of enterprises understand and act according to these policies? Recently, I asked this question in an interview with six plant directors and managers. They are Liu Qingtao, plant director of Beijing First Machine Tools Factory, Ke Changtang, plant director of Beijing Heavy Electrical Machinery Factory; Gu Simin, plant director of Beijing Construction Machinery Factory; Li Shunnian, general manager of Beijing Machinery Company; Liu Xiaofang, plant director of Beijing Photoelectrical Equipment Factory; and Zhang Hongye, plant director of Chaoyang Footwear Manufacturing Factory. In the first half of this year, the speed of production development and production efficiency of these six factories have increased substantially and their internal enterprise reform has also taken a new step forward.

Every Level Should Have "Transparency"

Reporter: After implementation of the policy of "two guarantees and one articulation," the relationship between the state and the enterprises has been made clear, the right of enterprises to make their own decisions has been expanded, and the external conditions for enlivening the enterprises have also been improved. Under these circumstances, the main problem that an enterprise must face has been changed from external contradiction to internal contradiction. How can an enterprise accelerate its internal enterprise reform and improve the internal operation mechanism?

Liu Qingtao: The key to fulfilling the duties of the policy of "two guarantees and one articulation" lies in thorough tapping of the internal potentiality of enterprises. The potentiality of enterprises derives

mainly from the positiveness of the masses of staff and workers of being masters of enterprises. We feel that the enterprises begin to have the positiveness when the "contract system" is introduced into the enterprises. However, in order to arouse the positiveness of every staff member and worker, the "contract system" should be introduced into the work shops, sections, and production groups and teams of the enterprises. This practice is to give everybody of the enterprises clear targets, clear responsibilities, and clear benefits and to form a situation in which "everybody has to shoulder the risk and everybody has to share the burden." We decided to introduce the contract responsibility system into every level of an enterprise and to take it as the main form of the internal reform of an enterprise. We have first studied and formulated the "General Plan Concerning Implementation of the Contract Responsibility system of 'Guarantee, Contract, and Articulation'," and set out clearly the leading direction, the forms of the contract system, the methods of rewards and penalties, the methods of evaluation, and the steps of the implementation of the contract responsibility system of our factory. After this, through the trial points set up in the heavy casting workshops, heavy small items workshops, and material supply sections, we have gathered preliminary experiences and then introduced the contract responsibility system of "guarantee, contract, and articulation" into the whole factory. At present, 13 production workshops and 14 technical, managerial, and administrative offices of the factory have implemented the contract responsibility system.

The main contents of "guarantee" include the guarantee to fulfill the production targets and job duties within the contracted period and according to the quality and volume of products fixed in the contract. The production targets can be divided into two types: Mandatory targets and excess production targets. These two targets are applicable to every unit of an enterprise. Besides, technical renovation and income gained by doing outside work should also be included in the contract. The contents of a "contract" include the working capital, workshop expenses, travel and operation expenses, departmental operation expenses, and soon. These items should be stated in the contract. The meaning of "articulation" is to link the guaranteed targets and contracted targets with the bonuses, welfare subsidies, and extra subsidies of staff and workers. Moreover, the guaranteed, contracted and articulated items of different workshops and administrative offices should be determined by the situations of the workshops and administrative offices, should have flexibility, and should focus on the situation of the enterprises. For instance, the casting workshop should mainly guarantee a standard weight and acceptable quality of the items being casted, and it should also guarantee that the cost per metric ton must not exceed the budget; the machinery workshop should mainly guarantee that the volume of work done with the allowed time period should be fulfilled and the quality of the work done should be good and comprehensive; and various functional administrative offices should mainly guarantee that their individual management targets can be fulfilled.

Ke Changtang: The policy of "two guarantees and one articulation" itself has a high degree of "transparency." It can be seen, felt, and calculated by staff and workers. In implementing this policy, not only the decision-making level and the managers should have "transparency," but every level and every person of the enterprises should also have "transparency." As said by the workers, "the targets are in our eyes, the policy is in our hearts, and the measures are in our hands." We should keep on using the concepts of socialist commodity economy to educate the staff and workers and to make them realize that "the prosperity of the factory is their honor, the depression of the factory is their insult, the prosperity of the factory will bring them benefits, and the depression of the factory will bring them suffering."

Gu Simin: "After implementation of the policy of "two guarantees and one articulation," we have bravely reformed the internal distribution system. The whole factory has adopted the distribution method of "basic wage plus 20 percent floating wage plus bonus." The 20-percent floating wage is treated as a form of bonus, and thus the amount of bonus of a worker is increased. This is advantageous to the thorough implementation of the principle of distribution according to labor. The maximum monthly bonus of a worker of the production line is 120 yuan, the minimum is only about 80 percent of a worker's wage. This practice has pulled apart the gap between the highest and the lowest level of bonus, and thus has smashed the communal pot of rewards. During the process of the implementation of the internal contracted responsibility system, we have stressed that the increase in bonus should be less than the increase in labor productivity. When compared with the same period of last year, the monthly bonus per worker of the first half of this year increased by an average of 11 yuan, and the monthly labor productivity per worker of the first half of this year increased by an average of 199 yuan. Thus, the increase in consumption funds has been controlled in a better way.

Enterprises Should Strengthen the Internal Situation and Compete for External Markets

Report: After implementation of the policy of "two guarantees and one articulation," how do enterprises give up short-term behavior and improve the managerial mechanism?

Ke Changtang: The policy of "two guarantees and one articulation" gives pressure and risk to enterprises and also gives them motivation and energy. In implementing this policy, enterprises should focus on strengthening the mechanisms of self-development, self-motivation, and self-control. In this aspect, we are based on the guiding thinking that the "enterprises should strengthen the internal situation and compete for external markets" and consider problems from the long-term strategic point of view. That is, to take the product development strategy as the development strategy of enterprises. Moreover, we should ensure the quality and assortment of products, delivery date, prices, comprehensiveness,

and services, to meet the requirements of customers and to open and develop markets. Our scientific research, technological improvement and development, production, management, and after-sale services should center on the above strategy. The system of organization and management of enterprises and the system of manpower training, employment, and allocation of enterprises should also center on these aspects to explore for reform.

Li Shunnian: Eleven enterprises in our pharmaceutical company have implemented the system of contracted operation of businesses and the policy of "two guarantees and one articulation." This implementation has really given the enterprises greater ability to compete and develop. The guiding principle we have defined is to develop products that are under scientific research into advantageous products as soon as possible and to develop the advantageous products into the most saleable products as soon as possible. Moreover, we should use the reputation and quality of our products to win medals and open markets and to sell our products to areas across the Huanghe, Changjiang, and the five oceans.

At present, our company has produced more than 1,500 items of medicines. Of these items, 115 are famous brand products and 26 items have entered and have gained advantageous positions in international markets. These 26 items are the most saleable products of our company. During the "Seventh 5-Year Plan," we should increase the number of 26 items to 50 items, and the annual production value of these items should be about 45 percent of that of the 1,500 items. We have already introduced structural reform into the four scientific research institutes that are directly under our company, let them join the large and medium enterprises. The scientific research projects that have been started have reached the advanced standard of the world.

Zhang Hongye: "Chaoyang Footwear Manufacturing Factory began to implement the contract leasing system at the edge of running at a loss last year. In the first half of this year, the factory had achieved the production value of 2.58 yuan. Compared with the same period of last year, the production value increased by 9.2 percent, the amount of profit and tax that had to be turned in to the state increased by 16.7 percent, and the income of staff and workers also increased by .8 percent. In the past 27 years, this factory only produced shoes with cloth covers and rubber soles, and the sales of products are very poor. This year, we began to change production to produce plastic shoes. After a short time, 7 new items of various patterns and designs had been developed, and thus the market has been opened. After implementation of the contract leasing system, we have paid attention to two tasks: The first is to condense the second line staff and to strengthen the first line of production; the second is to use the social strength to readjust the product structure and to increase the number of products that are suitable for the markets. As we needed capital to develop new products, we mobilized the staff and workers to raise funds, and an amount of 0.1 million yuan was raised. Every staff member and worker has become concerned with

the survival and development of the enterprises. When there are problems, they overcome them with one heart and one mind. This is different from the situation before implementation of the contract leasing system.

Besides the Ability to Condense, Enterprises Should Also Have Creativity

Reporter: The workers said after implementation of the system of contracted business, they found their work worth while and became enthusiastic about it. How do you see this point?

Liu Xiaofeng: I am the first plant director in Beijing who has obtained the right, by tender bidding and which was notarized by legal departments, to manage and operate the factory. Before implementation of the system of leasing by tender bidding, this whole-people ownership factory consisted of two factories. At that time, one of these two factories did not have any market for its products and the workers lacked work to do; the other factory had the market, but had no products for it. I had bidden the tender and become the plant director after I had answered many questions and explained my answers, had been evaluated, and had given many speeches. First, I arranged work for the workers to do and then began to find out ways to arouse their enthusiasm. Internally, we have implemented the unit-floating combined wage system. Under this system, the wage of a worker is determined by the total wage of six units. Of these six units, the wages of four units float every month and the wages of two units float all whole year. These two units also implement the policy of "three highs and one care." That is: The wages of technical cadres are higher, the wages of first line workers are higher, the wages of managerial staff are higher, and the factory should take care of the old staff and workers. This year, we have mobilized 40 technical staff of the factory to develop the high speed pulverizer, the electrothermal controller, and the electric curtain machine. These three new products are urgently demanded by the market. One of them had been appraised and had just been produced in the quantity allowed. In the first half of this year, the whole factory had achieved 0.36 million yuan of profits, which is 12.8 times of that of the same period of last year. The sales proceeds of this period also increased by 38 percent. After implementation of the contract leasing system, the obvious and definite economic benefits resulting have greatly enlivened the spirit of the workers. Workers who wanted to be transferred no longer want to leave the factory; workers who were "fooling around" have become "very hard-working." Their creativity has been brought into full play. When enterprises have the ability to condense and when the workers have creativity, the enterprises will have vitality.

Liu Qingtao: The policy of contracted operation of businesses has given enterprises the responsibility of shouldering their profits and losses. Under this system, an enterprise will have more income if it produces more, and an enterprise will have more profits if it reduces costs. The practice of "two increases and two reductions" has aroused the latent enthusiasm

of the masses of staff and workers. In the first half of this year, our factory put forward 701 suggestions for technical renovation and rationalization, 65 of which have been implemented. In the past, many workshops had accumulated a certain amount of rolled steel, and much scrap rolled steel was scattered over the corners of the factory. According to the rationalization suggestions advocated by the staff and workers, I had a team of staff and workers to collect this rolled steel. Up to now, 110 metric tons of different types of rolled steel has been collected, some of which are urgently required for current production. The casting workshop needs a lot of iron nails. In the past, many methods were adopted to encourage the staff and workers to collect nails.

However, the effects were not obvious. After implementation of the contract system, we have evaluated the casting cost per metric ton and thus induced the staff and workers to collect old iron nails seriously. We can now hardly find any nails on the factory floor. The policy of "two increases and two reduction" has been practically implemented. In the first half of this year, all expenses of the whole factory were controlled, and the product cost was lowered by 4.92 percent. Moreover, more than 0.5 million yuan of raw materials was saved, 0.31 million yuan of old and scrap material was collected, and the target to save 100 yuan per head in this year has been fulfilled by 40 yuan. This spirit of being masters of the factory can be said the starting point of the internal reform of enterprises, and it is also the implementation point.

Reporter: Six plant directors and managers discussed the joy they got from implementation of the system of contracted operation of businesses. They also reflected the existing difficulties and problems of implementation of this system. The main difficulties and problems are the insufficiency in supply and the tremendous increase in price of raw materials. These difficulties and problems have given the enterprises very heavy burdens. At present, most of the raw materials of these factories is purchased through many middlemen. In each of these transactions, the phenomena of illegal resale, price mark up, and price monopolizing are serious.

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CSO: 4006/859

SPECIALIST ON CONSUMPTION STRUCTURE

HK041052 Beijing RENMIN RIBAO in Chinese 25 Jul 87 p 2

["Economic Life Dialogue Column" by reporter Liu Guilian (0491 2710 5571):
"Specialist Interviewed on the Question of Consumption in China"--passages
within slantlines published in boldface]

[Text] Nobody can live without consuming. How should we view the present consumption structure in China? How should we view the relationship between reform and consumption? These are questions of common concern. In this connection, this reporter interviewed Comrade Yang Zhenjia, research fellow of the Economic Research Center under the State Planning Commission.

Reporter: Some people have raised the following question: The reform is aimed at raising the people's living standards, is it not? Then why recently do we often publicize the necessity of controlling the growth of consumption funds? Are we contradicting ourselves?

Yang Zhenjia: In the final analysis, the purpose of our reform is to promote the development of social productivity and to constantly improve the people's livelihood. This is self-evident. To cope with the longstanding malpractice of one-sidedly emphasizing production and construction but overlooking the necessity of improving the people's livelihood, the party and state have taken a series of measures in the course of the reform since the 3d Plenary Session of the 11th CPC Central Committee, and these measures have helped to improve the people's livelihood in urban and rural areas. We can say that the past eight years have been a period when the people enjoyed more material benefits than at any time since the founding of the PRC. Here I would like to cite some figures: From 1978 to 1986, the consumption level of urban and rural residents increased from 175 to 452 yuan. With the rise in commodity prices taken into account, the average annual increase in the consumption level was 8.1 percent. The average per-capita living space for peasants has increased from 8.1 square meters to 15.3 square meters; and, from 1978 to 1985, the average per-capita living space for urban dwellers has increased from 3.6 square meters to 6.1 square meters. The average annual per-capita grain consumption for urban and rural residents has increased from 195.5 kg to 256 kg, an increase of 31 percent. In the meantime, the average annual per-capita consumption of meat has increased from 7.7 kg to 14.3 kg, an increase of 85.7 percent.

Relatively high growth in consumption is tolerable for a certain period. However, /growth in consumption is conditional on economic development. Excessively high growth in consumption over a long period may cause a rise in commodity prices, affect the state's financial revenue and expenditure and credit balance, and impair continuous and steady economic growth. And this will eventually affect the sustained and steady improvement of living standards./

It is estimated that the cash income of urban and rural residents increased by 29.6 percent, 26.7 percent, and 20 percent respectively in the three years from 1984 to 1986, which exceeded the increase in commodity supply capacity considerably. If such a sustained excessively high growth in consumption demand in connection with distribution of national income continues and causes a serious imbalance between aggregate supply and aggregate demand, it will obstruct the smooth development of the reform. Excessively high desire for consumption, may also force reform measures to change. At present, under such pressure, some enterprises have arbitrarily issued bonuses and given material benefits. Such practices have exhausted these enterprises' reserve strength. And that is the proof.

Reporter: I feel that the present excessively high rise in consumption demand is displayed not only in personal consumption but particularly in social group consumption. The reason is that individual consumption will, generally speaking, spend an individual's own money, while social group consumption will instead spend the state's and the collective's money, or at least involve the practice of "eating from the same big pot."

Yang Zhenjia: That is the point. /The rapid increase in social group consumption in the past few years indeed merits special attention./ From 1983 to 1986, group purchasing power in urban and rural areas increased from 22.7 billion yuan to 41.3 billion yuan, an increase of 82 percent. The main contributing factor in the rapid increase in social group consumption is the common practice by some units of going in for ostentation and extravagance. They have bought de luxe limousines one after another and spent public funds to give banquets and present gifts. Other units have issued goods or goods purchase coupons in large quantities under different pretexts in violation of financial and economic discipline. These practices must be sternly curbed.

Reporter: Some people say: High economic growth requires pressure exerted by demand for consumption. Therefore expanding demand for consumption is nothing to be afraid of. Do you agree with this view?

Yang Zhenjia: There is no doubt that /moderate growth in consumption can give rise to new social demand and help to open up a vast market, thus serving as an impetus to development of production. But this rule is applicable only to a certain extent, subject to some conditions./ It is only applicable provided that the growth in effective demand for consumption, that is, the growth in demand that is supported by sufficient purchasing power, does not exceed the limit of possible growth in production output and labor productivity. In other words, it is necessary to maintain a balance between supply and demand. In my opinion, the excessively high rise in demand for consumption that we are facing now has already given rise to some problems in the economic field in our

country. And all of us have more or less felt it. For example, one of the important reasons for the rapid rise in the commodity price index for a period is because demand has exceeded supply. This applies to both the means of subsistence and the means of production.

Reporter: So, that means a "high consumption" structure is taking shape in our country? But some people say: In light of the current circumstances in China, we still cannot begin to talk about "high consumption," which is merely an unrealistic desire expressed by a small number of people.

Yang Zhenjia: "High consumption" is a relative concept. As compared with the consumption level in developed countries, China remains a low-income country which has just basically solved the problem of supplying its people with food and clothing. Therefore, on the whole, we still cannot begin to talk about "high consumption" at the moment. But our consumption level has indeed grown rather rapidly in the past few years. And, in particular, a small number of people have spent money lavishly in these years because their income has increased drastically. What is more, after the implementation of the opening up policy, due to the impact of the consumption patterns of developed countries, many people have indeed shown a tendency of comparing and competing with each other regardless of their own conditions, and their desire for high consumption has been aroused. That is one of the reasons why some people are always dissatisfied with present living standards and show an unlimited desire for material enjoyment.

Reporter: It is reported that some young people spend 5,000 to 6,000 yuan or even 10,000 yuan on their weddings. Can this be counted as an example of "high consumption"?

Yang Zhenjia: It is quite natural that young people buy some furniture and articles for daily use according to their own financial condition when they get married. This is beyond reproach. But, if young people persist in holding their weddings extravagantly, then it will be necessary to persuade them not to do so. Young people getting married now not only buy new furniture but many other things, such as color television sets, video tape recorders, radio-cassette recorders, and duck down quilts, duck down mattresses, and so on. As their wedding expenses far exceed their income, some of them will be heavily in debt after their weddings, which will possibly make tragedies of their marriages. I think this is not high consumption based on high income but "consumption in advance" which is a result of the influence of an unhealthy social mood. Such a tendency should be changed through propaganda and education.

Reporter: Of "curtailing consumption" or "stimulating consumption," which measure should we choose, or should we disapprove of both?

Yang Zhenjia: I do not agree with either of these extreme views. /In my opinion, it is more suitable to advocate "moderate consumption." What I mean by moderate is that consumption growth must be based on the development of production, improvement of labor productivity and economic results, a steady increase in the state's financial revenue, and correct handling of the relations between accumulation and consumption./

Reporter: I think we should not rest content with a general discussion on the level of consumption, but should make a scientific analysis of the special characteristics of consumption in China, especially the structure of consumer demand, before formulating a correct consumption policy.

Yang Zhenjia: I agree with this view.

Reporter: Since the variation in income among urban dwellers in our country is small, their consumption patterns are usually similar. So, if these people are affected by the mentality of comparing and competing with each other in consumption, there will always be a highly dominant trend of social consumption. People were enthusiastic about purchasing the "three old major household articles" in the past, but they are now crazy for the "four new major household articles."

Yang Zhenjia: Such a consumption trend may easily cause serious shortages of certain commodities for a while and land the production sector in a passive position. This is unfavorable to the creation of a reasonable production structure. All manufacturers rushed to produce radio-cassette recorders when this kind of commodity was popular on the market. However, as soon as the craze passed, manufacturers had a hard time in facing considerable overstocking. There are of course very complicated contributing factors to such a situation. But the process of gradually developing a reasonable structure of consumer demand is undoubtedly one of the solutions to this problem. As a general rule of consumption sequence, people will always make sure that their needs for the basic means of subsistence are met before seeking other means of enjoyment and means of development.

/We have a very unreasonable structure of consumer demand at present./ Urban dwellers' expenditure on such material products as food, clothing, articles for daily use, and fuel make up about 90 percent of their consumption expenses, while noncommodity expenditure, such as medical and education fees, accounts for only a very small proportion. And rent, in particular, accounts for only about 2 percent of total consumption expenditure. This is quite exceptional in the world. Quite a large portion of these expenses is actually paid by the state or by enterprises. If such expenses were paid to employees as wages in cash, the amount would be quite considerable. The labor insurance welfare funds for the staff of units under ownership by the whole people alone account for one-fourth of the total wages. Such being the case, ever-growing purchasing power will naturally concentrate on the purchase of "several major household articles," causing the phenomena of so-called "premature consumption" and "synchronized demands," and leading further toward an uncoordinated production structure.

Reporter: So it is necessary to properly guide consumption trends and readjust the structure of consumer demand.

Yang Zhenjia: Yes, you are right. The distribution of income for urban and rural residents must better reflect the socialist principle from each according to his ability and to each according his work, and it is necessary to further break away from the egalitarian structure characterized by the practice of "eating from the same big pot." /In light of the current

situation, we must first take up reform of the housing system and implement the commercialized housing program step by step. This is not only favorable to proper guidance of consumption and rational readjustment of the structure of consumer demand, but can also help speed up construction of housing projects and ease the shortage of houses in urban areas./ At the same time, we must conscientiously consider a reform of the labor insurance welfare system, make great efforts to develop social security, and try to transform part of the consumption funds into social insurance funds. From a long-term point of view, in the wake of constant improvement of the people's livelihood, it is also necessary to earnestly consider corresponding reforms of the distribution systems concerning medical services, education, and other fields, /to gradually raise the proportion of noncommodity expenditure in consumption expenditure as a whole, and to rationalize the structure of consumer demand of the whole society./

Reporter: This conversation with you has given me much inspiration.

Yang Zhenjia: To conclude our conversation, I would like to return to the question we took up at the beginning. There seem to be two formulas in thinking regarding the relation between reform and consumption, one begin that of reform--upgrading of consumption; and /the other being that of reform--development of production--upgrading of consumption. The latter formula is more scientific and comprehensive./ In order to raise the people's living standards, we must engage more actively in the reform, give it a push, and try our best to increase the country's productive forces.

/12913

CSO: 4006/861

SEPARATION OF OWNERSHIP MANAGEMENT URGED

HK050810 Beijing GUANGMING RIBAO in Chinese 25 Jul 87 p 3

[Article by Sun Minghua (1327 2494 5478): "Power to Own, Power to Control, and Power to Operate"]

[Text] Separation of the 2 powers means that the state assumes the power to own while enterprises are entitled the power to operate. Here, the power to operate refers to the daily operation and management power of enterprises, and therefore does not include the following, such as the powers to appoint or employ operators for enterprises, to decide how enterprises' profits after tax are to be allocated, to decide crucial investment projects and handle important property of enterprises, and other important decision-making powers. The several powers mentioned above can be called the power to control. In the broad sense, the power to operate includes the power to control. In a shareholding company in the west, the power to control is held by the board of directors, while the power to operate by the management personnels. The measures that we have adopted in recent years to separate the two powers are only related to power to operate, not to the power to control. However, can enterprises become commodity producers and operators entitled to handle their own affairs and assume exclusive responsibility for profits and losses when the power to control is held by the state's administrative organs? This is a question worth exploring.

If it is acknowledged that the separation of the power to own from the power to control in a capitalist shareholding company results from the further development of large-scale socialized production and commodity economy, then the separation of the power to own from the power to control in our country is a prerequisite for the existence and development of the commodity economy. Under capitalist conditions, enterprises are independent bodies of interests no matter whether the powers to own and control are separated from or integrated with each other. However, in enterprises under our country's whole-people ownership system, the state is not an independent body for economic interests. It is not possible for enterprises to be independent bodies in interests either when both the powers to own and control are integrated with each other. Enterprises will not become commodity economic organizations entitled to handle their own affairs and assume exclusive responsibility for profits and losses if the power to own is only separated from the power to operate but not from the power to control also.

First, if the state holds the power to control, enterprises will not be entitled to handle their own affairs. Since operators are appointed or employed by the state's administrative organs, it is certain that they are bound by its administrative command and are unable to resist its administrative intervention. If government administration is not separated from enterprise management, enterprises will not be entitled to handle their own affairs.

Second, if the state holds the power to control, it will also become impossible for enterprises to assume exclusive responsibility for their profits and losses. Although the state's administrative organs are not economic organizations, they hold the power to control. Therefore, there is still nobody taking charge of the state-owned assets. Under such a condition, operators for enterprises can only shoulder limited responsibilities. Even if they cannot operate the enterprises well, the most severe punishment is perhaps removal from office or the imposition of a small fine. The various systems, such as the leasing system, the contract system, and the responsibility system of asset operation have been undertaken as pilot work projects in recent years. But none of them enables enterprises to assume exclusive responsibility for profits and losses. Practice thus proves that separation of the power to own from the power to operate does not enable state-run enterprises to assume exclusive responsibility for profits and losses.

Last of all, if the power to control is held by the state, enterprises cannot create the self-restraint mechanism for themselves. Since enterprises do not have to assume exclusive responsibility for profits and losses, it becomes inevitable that both the operators and staff members of the enterprises will pursue short-term returns. Besides, as for the supply of capital, they still follow the practice of eating from the same rice pot. Therefore, the syndrome of investment hunger and thirst cannot be brought under control.

Who then should hold the power to control? We have to overcome the flaws arising from the condition in which the power to control is held by the state's administrative organs on the one hand, and on the other adhere to the democratic principles of socialism by fully manifesting the master status of the staff and workers of enterprises. The only possible choice is for state-run enterprises to set up representative bodies that are legal entitled to hold the power to own so that they can replace the state's administrative organs and assume the power to control the enterprises. The board of directors consists of representatives from both the state and the staff and workers of enterprises, and decisions made by the board of directors can be rationalized by the mechanism for controlling interests.

Here, the key lies in the establishment of the competition mechanism for voting rights. If pressure is not created by the mechanism for competition, it is likely that the irresponsibility of the state's representatives may bring about property loss to the state, and it is also difficult to overcome the tendency of staff and workers of enterprises to pursue short-term interests.

It will be favorable to the rationalization of policies if an environment for competition in voting rights is created.

To be specific, enterprises reserve the new assets that come into being after investment and regard them as contributions made to the state by the staff and workers of enterprises. This property will still be owned by the whole people after they have been turned into shares, and the voting right should be assumed by the staff members of enterprises. Since the allocation of profits after tax is to be decided by votes at the meeting of the board of directors, the staff members of enterprises will only be able to protect their interests if they have control of sufficient voting rights. But voting rights are obtained only by accumulation. Therefore, the tendency for staff and workers of enterprises to pursue the maximum quick returns can be overcome.

As to the state's representatives, they will be able to have greater voting rights only if the state reinvests in the enterprises, and capital for reinvestment comes mainly from the interests and dividends of the state's shares. Therefore, in order to secure their position in the enterprises, the state's representatives have to be concerned about the gains of the state. In this way, the problem of nobody taking charge of the state-owned assets can be resolved to a certain extent.

In short, the separation of the 2 powers should not remain at an initial stage in which the power to own is separated from the power to operate. It should be further developed to a more advanced stage in which the power to own is separated from the power to control. It is only by the separation of the power to own from the power to control that government administration is really separated from enterprise management, and that the state-run enterprises become commodity economic organizations which are entitled to handle their own affairs, assume exclusive responsibility for profits and losses, and are able to accumulate, and to develop and restrict themselves.

/12624

CSO: 4006/859

RESPONSE OF GROUNDWATER LEVEL IN WELLS TO UNDERGROUND NUCLEAR EXPLOSION

Beijing SHUIWEN DIZHI GONGCHENG DIZHI [HYDROGEOLOGY AND ENGINEERING GEOLOGY]
in Chinese No 4, 15 Jul 87 pp 7-12

[English abstract of article by Che Yongtai [6508 3938 1132] of the Institute
of Geology, State Seismological Bureau]

[Text] In order to study the microbehavior of the groundwater level in wells, the author observed and studied underground nuclear explosion induced fluctuation of the groundwater level in some wells in northwest China. The results indicate that the change in the groundwater level in wells responds to the nuclear explosion force and the rock fracturing in the explosion center. In this paper, the observation conditions and results are presented, some response characteristics are analyzed, and the geological and hydrogeological conditions of well-aquifer systems influencing the responses are discussed.

9717

CSO: 4011/0047

INCREASED FOREIGN MILITARY CONTACTS VITALIZE PLA

OW241355 Beijing XINHUA Domestic Service in Chinese 2328 GMT 23 Jul 87

[By reporter Qin Weidong; Beijing XINHUA Domestic Service in Chinese at 0535 GMT on 24 July transmits a service message requesting that this item be "temporarily withheld from publication in newspapers"]

[Text] Beijing, 24 Jul (XINHUA)--Previous opponents on the battlefield have now become friends joining hands in studying military affairs. This new scene results from our army's increased friendly exchanges and cooperation with the armed forces of various countries since the policy of opening to the outside world was put into effect.

A pertinent official of our Ministry of National Defense has revealed that since 1979, China has received nearly 500 military delegations from various countries, composed of some 12,000 members, and port calls by 33 foreign naval vessels.

In 1986, the National Defense University alone received 53 groups of military chiefs, experts, and scholars from more than 20 countries, who came either to visit or to give lectures. This university, the highest military academy in China, has established inter-school relations with the U.S. national Defense University. The two universities will exchange instructors, books, reference materials, and research personnel and will hold bilateral academic discussions on military affairs.

Meanwhile, China has sent thousands of its military personnel, experts, and scholars to visit foreign countries or to conduct studies or give lectures abroad. Contracts have also been established with a number of international military academic organizations, while the Army, Navy, and Air Force have all opened some of their units, academies, schools, and research organizations to foreign visitors working in the same fields.

In 1985, a friendship fleet of the Chinese Navy visited three South Asian countries for the first time.

At present, the official said, China has established contracts with the armed forces of 85 countries and set up military attache's offices in more than 60 diplomatic missions in foreign countries. More than 40 countries now station their military attaches in China.

For a very long period after the founding of new China, our army's external contacts were mainly courtesy calls and performing arts and athletic exchanges. At that time, our armed forces, national defense construction, and military academic studies were all in a relatively seclusive state. With the implementation of our country's policy of opening to the outside world in the economic field, however, the armed forces and national defense construction has, in many aspects, changed gradually from the seclusive type to an open type.

Opening to the outside world has brought vitality to the reform and modernization of the Chinese armed forces. It is learned that among the reform measures implemented by the Chinese PLA in recent years--such as the system of organizing new soldiers in groups for separate training, new job training given to outgoing officers and soldiers prior to their transfer to civilian work or retirement, establishment of military training bases, improvement of military academies and schools, use of new training devices, and formation of thinktanks for the military policy making organs at various levels--some were formulated by drawing on and utilizing the successful experiences of foreign armed forces. Useful enlightenment has also been gained from foreign experience in international strategic studies and national defense science research.

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CSO: 4005/900

MILITARY, PUBLIC SECURITY

AIR FORCE MISSILE ACADEMY OFFERINGS, ACHIEVEMENTS NOTED

OW270829 Beijing XINHUA Domestic Service in Chinese 0154 GMT 27 Jul 87

[By correspondent Liu Jia and reporter Cai Shangwu]

[Text] Beijing, 27 Jul (XINHUA)--Nearly all technical officers and all commanders in the Air Force's surface-to-air guided missile units are graduates of the Air Force Missile Academy. Since its founding, this only institution of higher learning for surface-to-air missiles in China has trained more than 15,000 outstanding officers for various missile units.

The Air Force Missile Academy was established in 1958 with the birth of China's first surface-to-air missile unit. This comprehensive institution of higher learning that trains engineers, technicians, and commanders educates students at the college and post-graduate levels as well as the vocational level. It has a total of four departments in radar guidance engineering, computer engineering, guided missile engineering, and command engineering, offering a total of 46 special courses. The institution has a basic and professional experimentation center, a computer center, an audio-video education center, and a training ground for surface-to-air missile. It also has nearly 100 different laboratories and study rooms. The institution develops a number of simulators on its own for carrying out technical and tactic training so that students are able to use electronic simulators instead of merely manipulating switches on control panels.

This institution is aimed at training qualified people who "know technology and are able to command and carry out management." The graduates of this institution has become backbone cadres of various surface-to-air missile units in carrying out military, political, and technical affairs and in teaching. All the brigade and regimental commanders of the surface-to-air missile units have graduated from this academy. They run their units with a scientific approach and vigorously develop the modernization program. They also lead the commanders and fighters to develop academic research projects, study maintenance techniques and theories, use new techniques to renovate weapons and equipment, and build a new system with Chinese characteristics to improve weapons and equipment, train qualified personnel, carry out military training, conduct tactical research, use and repair equipment, and install the weapons and equipment in the field.

The Air Force Missile Academy has also developed scientific research work while carrying out teaching, and has made use of scientific research work to give impetus to teaching. Over the past few years, it has completed a total of 54 key projects of scientific research. Ten of them won state or Army citations, and nearly twenty of them are being used in the Army. In carrying out various activities in scientific research, many students have improved themselves in creating new things and displayed their pioneering spirit.

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CSO: 4005/900

MILITARY, PUBLIC SECURITY

PLA INFORMATION RETRIEVAL SYSTEM ESTABLISHED

Beijing KEJI RIBAO in Chinese 7 May 87 p 1

[Text] A remote computer network information retrieval system developed by a certain research institute of the PLA General Staff Department has passed unit-level certification in a certain unit of the GSD.

A feature of modern information retrieval is data sharing supported by a remote computer network. Researchers at the GSD institute made use of the Army's current technical equipment and communications, and successfully developed a Chinese character information retrieval system usable throughout the PLA, advancing our capability in this area. This system can be simultaneously operated by multiple users; each user can create a database according to his own needs, each database can accommodate several data structures, and information sharing over the network is possible. The system provides many types of search, data management, and security features. It is an interactive system which is easy to use. While making a query, it is also possible to receive a message from another user on the system, thus improving the system's utilization rate. The certification committee unanimously felt that as the first system in the nation to organize mini-computers into an information retrieval net, it makes an excellent foundation on which to establish a military information net, is a useful lesson for building similar systems, and is an important scientific achievement in establishing an automated military command network.

The certification board was chaired by noted computer specialist and Chinese Academy of Sciences Technical Science Department member Ci Yungui. Attending the conference were 45 computer and information specialists from 26 organizations.

CSO: 4005/804

PLA ENGINEERING CORPS' ZHOU PEIGEN INTERVIEWED

HK260545 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0220 GMT 21 Jul 87

[Article by reporters Tian Huiming [3944 1920 2494] and Li Chun [2621 2504]: "Soldier, Doctor, Director--an Interview with Zhou Peigen, Director of the Engineering Corps Department of the PLA General Staff Headquarters"]

[Text] Beijing, 21 July (ZHONGGUO XINWEN SHE)--His name is Zhou Peigen, which has a somewhat foreign sound to it.

He once studied in the Soviet Union and received his associate doctoral degree there. He was an associate professor and is now director of the engineering corps department of the PLA General Staff Headquarters.

In the course of reform and reducing the staff in the PLA, a number of scholar-type soldiers were appointed to senior and important posts in the army. Zhou Peigen is one of them.

When new China was just founded, Zhou Peigen was still an ordinary engineer in Xiamen engaged in the construction of defense works. In 1953, he was selected and sent to study in Harbin Military Engineering Academy, which was the best military engineering school in China at that time. Four years later, being one of the four top students of the academy, he was sent to study in the Kuibyshev Military Engineering academy in the Soviet Union, and he received his associate doctoral degree there when graduating from the school. After returning to China he became a teacher in an engineering academy of the engineering corps.

In 1980 he became an associate professor. He was appointed deputy director of the engineering corps department of the PLA General Staff Headquarters in 1982 and was promoted to the post of director 2 years later.

He is fond of growing flowers. He was interviewed by the reporters in his office and there were flowers and plants everywhere.

"What is the position and role of the engineering corps in modern warfare?"

Being a senior engineer and a military engineering expert, Zhou Peigen has some original views. He said that since there are some new characteristics in modern warfare, such as "triphibious warfare" and "fighting in depth" as people usually say, it is more necessary to rely on engineer support. Thus, a higher demand has been set on this work. In modern warfare, engineering corps shoulder three main tasks: ensuring the maneuverability, of our army, delaying and obstructing the enemy's maneuverability, and enhancing our army's ability to subsist in battles.

Zhou Peigen then further explained: To ensure our army's maneuverability refers to the work such as cutting paths through mountains, building bridges across rivers, and clearing mines for the army. To delay and obstruct the enemy's maneuverability refers to the work such as placing obstacles and quickly laying mines for the enemy. To enhance the army's ability to subsist refers to the work in the following two fields: first, to do a good job of camouflage so that false positions may appear to attract the enemy's attention and real targets may suddenly disappear from the radar screen; second, to build up various kinds of defense works, increase ability to meet emergencies, master techniques for quickly building defense works, and study and make light but very strong defense facilities and fortifications.

What is the real strength of the Chinese engineering corps?

Director Zhou Peigen said: With regard to its main equipment and technology as well as the quality of the troops, the Chinese engineering corps has made much headway in its modernization drive and has acquired abilities suitable to modern warfare.

Director Zhou, who has been in the engineering corps for nearly 40 years, said that after the Nanchang Uprising in 1927, the engineering units of the PLA began to appear on the stage of war. Then, in the following decades, they became an arm of the services composed of the engineering units, demolition units, bridge and ship building units, camouflage and construction units, and field water supply units, having an all-round ability with their complicated professional technology and equipment.

On the four walls of Director Zhou Peigen's office, there were many color pictures of modern equipment of the engineering corps, such as bridge-building machines and mine-laying rockets. Pointing at those pictures, he told the reporters that the equipment of the engineering corps, which is an important arm of the services, has really been greatly developed. Some of its equipment, such as four section tracked bridging vehicles, mine-laying rockets, and camouflage nets for snow territory, have reached the world's advanced level. With the development of its mechanization, the engineering corps has also acquired a self-defense capability and become capable of working under enemy fire.

From soldier to scholar, and from scholar to director, Zhou Peigen has followed an unusual path, and he is well aware of the heavy responsibility resting on him. He said that in a certain sense, modern warfare is a trial of strength in the science and technological field. We were gratified to know that the engineering corps also has a well-established scientific research unit, which has made remarkable contributions in this respect. In 1986, it won 21 national awards, and it now has 19 national patent rights. With great confidence Zhou Peigen said. The engineering corps will work hard to catch up with the advanced countries as soon as possible or even to surpass them in certain fields.

Referring to the contributions of the engineering corps over the past few years, Zhou Peigen, the specialist in national defense projects, said: We are pursuing a strategic policy of active defense. In peacetime, the engineering corps has completed large numbers of national defense projects. It has built many permanent defense projects on China's vast territory, along the coastal lines, on many major islands, and in many major strategic areas. It has built an "underground great wall," which can be compared with the Great Wall. Now we can say proudly that the historical description of China being "a nation without defense is gone forever."

The engineering corps is our country's guard, and the vanguard in construction as well. Zhou Peigen said: For more than 30 years, this corps has taken part in the construction of more than 1,000 major projects in our country, including the construction of the Sichuan-Xizang highway, the Qinghai-Xizang highway, the Chengdu-Chongqing railway, and the capital's airport. It has made immortal contributions to China's economic construction.

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CSO: 4005/900

JIEFANGJUN BAO DESCRIBES PLA POLITICAL WORK SEMINAR

HK010657 Beijing JIEFANGJUN BAO in Chinese 21 Jul 87 pp 1, 4

[Report by Lin Zhangqing (2651 4545 3237): "PLA Political Work Seminar Calls for Reform and Innovation in Political Work of the Army on the Basis of Inheriting Fine Traditions"]

[Text] "Be respectful of history, be based on reality, and be oriented to the needs of the future," carry out reform and innovation on the basis of inheriting fine traditions, and adhere to the principle of making research work serve Army building and the policy decisions of the leaders--this was a distinguishing feature of the Army's political work seminar held in Chengdu some days ago.

This seminar was aimed at implementing the spirit of the enlarged meeting of the Central Military Commission held at the end of last year and the decision of the Central Military Commission on the Army's political work in the new period. Since the beginning of this year, the comrades of various large units and various political institutes who are engaging in political work research and teaching and some political leading cadres of the Army have carried out deep-going investigation and study on certain subjects selected in light of reality. The 33 theoretical articles set forth at the seminar were the results of their efforts in this respect. It was the first time in the past many years that such a political work seminar was held for the whole Army. At the seminar, all participants aired their own views and exchanged opinions freely. The atmosphere of the seminar can be summed up as being earnest, democratic, harmonious, and lively.

The theoretical articles submitted to the seminar tried to give answers from different angles to some new questions emerged in the reform of the Army's political work under the new situation, such as how to further emancipate the mind in the new situation of reform, opening up, and invigoration and make the Army's political work full of vigor and vitality and be oriented to the needs of the society; how to make political work suit the objective development of the socialist commodity economy and how to make the best use of the situation and give full play to the great role of political work; how to make our education in the four cardinal principles more persuasive; how to make political work suit the strategic change in the guiding ideology for Army

building, how to open up new spheres of national defense education, and how to strengthen the sense of national defense of both officers and men; how to carry out reform and innovation in political work for military training; how to mobilize the initiative of the cadres and soldiers in the new period; how to absorb modern scientific achievements, study new knowledge, and strengthen and improve political work; how to explore a way for reform of the theoretical study in political work; and so forth. Despite their differences in the subjects of study, these theoretical articles have a common guiding ideology; that is, to implement the two basic points of the party's line mapped out since the 3d Plenary Session of the 11th CPC Central Committee and the spirit of the enlarged meeting of the Central Military Commission and to raise and study questions in light of the Army's characteristics and the demands of Army building. The participating comrades held that with their new ideas and strong arguments, many articles are quite persuasive and helpful.

The study of the political work system and relevant policies is a question that requires our main efforts to implement the instructions of Yu Qiuli, director of the PLA General Political Department, on reform and innovation in political work. At this seminar, the study of policy and system was emphasized. Of the 33 theoretical articles, 14 concern the policies and system of political work, of which 9 concern the cadres policy and system, which are now of wide concern among officers and men, such as how to strengthen macroscopic control over the cadres' contingent, how to ensure a certain number of cadres working at the grass-roots levels and in border areas where conditions are harder than in other areas, how to improve education and management of cadres, and how to carry out the examination and probation system for cadres. Participating comrades unanimously held that, precisely as pointed out by Chairman Deng Xiaoping, the question of system is of a more fundamental and lasting nature and to a greater degree, concerns the overall interests and the stability of the situation. The comrades working in high-level political organs should act in accordance with the demands set forth by Director Yu Qiuli and concentrate their strength on strengthening investigation and study in this field. Of course, a long period of time is needed to work out the policies and system that concern the overall situation. The suggestions and tentative ideas put forth at this seminar were just some initial ideas, which have yet to be further proved through further investigation and study.

The question of how to promote and perfect democratic life within the Army, further promote the relationship between higher and lower levels, and fully mobilize the initiative of the broad masses of officers and soldiers on the premise that a high degree of centralization and unity are maintained is one of the important subjects put forth in the trend of development of the reform of China's political structure for the Army's political work. This question was discussed by four articles at this seminar. Some of them have made a comparatively profound study of the question of how to enhance the sense of democracy among the cadres; how to merge political, military, and economic democracy into the Army's management; how to make democratic life a system; and how to grasp well the "degree" of democratic life and handle well the relationship between democracy and centralization and between democracy and discipline. Some of them also put forth the question of reform of the structure of political organs.

Another distinguishing feature of this political work seminar is that efforts were made to strengthen the study of Army building at the grassroots level. Many articles made an exposition on Army building at the grassroots level; 10 of them were particularly written to discuss problems in this field, including how to strengthen daily ideological work at the grassroots level, improve the quality of the cadres' contingent, improve the management of grassroots cadres, improve the relationship between officers and men at the grassroots level, carry out management for realizing the targets of Army building at the grassroots level, enhance the vitality of grassroots building, give play to the roles of the regimental political department in handling grassroots affairs, and how to make the grassroots inherit and develop our fine traditions in political work.

The articles of some comrades in General Staff Headquarters, National Defense, Science, Technology, and Industry Commission, and the Second Artillery Corps discussed the ideological and political work in science and technological units and for science and technological cadres, making up the deficiency in the study in this field. They suit the demands of promoting our Army's modernization drive and are of practical and long-term significance. Of them, the article written by the office of the Political Department of the General Staff Headquarters, which is entitled "Investigation and Analysis of the Factors Affecting the Ideological Stability of Young Science and Technological Cadres," draws a comparatively accurate and clear conclusion in this respect chiefly by means of sample investigation and combining the method of qualitative investigation with the quantitative investigation and through calculation and inference with the help of computers and the principles of statistics. Participating comrades fully affirmed this new and scientific way of investigation and showed great interest in it. They also very much appreciated the profound and careful investigations and grassroots political work study office of the Changsha Political Officers' In-Service Training Institute had made among the 440 political instructors studying there in order to learn the problems in the current relations between officers and men. They said they will make greater efforts in the future to carry out investigation in a down-to-earth manner.

The participants also held that this seminar reflected in great concentration the new experiences, new problems, and new situation of the Army's political work over the past few years, displayed the new achievements in the study of the Army's political work in recent years, and revealed the trend of development in the study of the Army's political work in the future. The high quality articles recommended by the seminar also reflect the high sense of political responsibility of the writers in Army building and their enthusiasm in the study of political work. However, since the reform and innovation in political work concern many problems in various fields, such as the relations between theory and application, between the present and the future, and between general character and individual character, this seminar can only be regarded as a good beginning. The tasks for the future are very arduous. The participants said that in the study of political work, we must continue to take Marxism-Leninism and Mao Zedong Thought as our guidance, adhere to the principle of "be respectful of history, be based on reality, and be oriented to the needs of the future," keep to the orientation of serving the policy decisions

of the leaders and serving army building, strengthen vertical and horizontal exchange and coordination, strengthen the contacts between the Army and schools, further mobilize the masses, and promote the combination of the leaders, the core members, and the masses. The comrades in the research offices of various large units should exert greater efforts on study and improve their quality so that they can bring their initiative and enthusiasm into full play. At the seminar, the political work research offices of the Jinan Military Region and the Air Force presented their experiences in this respect.

The seminar was sponsored by the office of the PLA General Political Department with the approval of this department. Most of the more than 60 participants in this seminar are writers of the theoretical articles, including political work research and teaching personnel and some comrades from the cadres' department, the propaganda department, and other departments. The leading comrades of the political departments of some large military regions and group armies also submitted theses and sent representatives to the seminar. Before the seminar began, Zhou Keyu, deputy director of the General Political Department, made some instructions on further carrying out research in political work. Shao Nong, director of the Political Department of the Chengdu Military Region, and responsible comrade of the office of the General Political Department spoke at the seminar. The question of improving the quality of cadres engaging in political work research was also discussed and some outstanding theses were selected through appraisal at the seminar.

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CSO: 4005/931

JIEFANGJUN BAO DETAILS PLA CONSTRUCTION ACHIEVEMENTS

HK060841 Beijing JIEFANGJUN BAO in Chinese 25 Jul 87 p 2

["Feature": "Splendid Exploits, a Brand New Journey--Summary of the PLA's Construction Achievements in the New Historical Period"--first four paragraphs printed in bold face]

[Text] "Strive to build our army into a powerful, modernized and regular revolutionary army. Deng Xiaoping" [as printed in the right banner on page 2] (Editor's Note: Chairman Deng Xiaoping of the Central Military Commission wrote the above inscription, marking the 60th anniversary of the founding of the PLA, on the eve of the "1 August" Army Day.)

A person's 60th birthday usually marks the last important milestone in his lifetime. Likewise, our people's army has gone through a span of 6 decades, but seems to be blooming with youth, full of vitality and vigor.

The situation of the army construction has developed rapidly since the 3d Plenary Session of the 11th CPC Central Committee, since Comrade Deng Xiaoping was in charge of the work of the Central Military Commission in particular. The PLA has scored marked accomplishments in the thorough negation of the "Great Cultural Revolution," eliminating "leftist" effects with great efforts, and reversing unjust, false and wrong verdicts, and earnestly eliminating the negative results brought about by the 10 years of internal disorder; in conducting ideological and political education, and elevating the consciousness of officers and men in implementing the party line, principles and policies; in adhering to the principle of seeking truth from facts, starting from the actual conditions, restoring and bringing forward the fine traditions of the party and army, carrying out the tasks and principle for army construction during the new historical stage, elevating education and training to a strategic position, and upgrading the military, political, scientific and cultural qualities of the officers and men in a big way; in readjusting and making complete and perfect the leading bodies and augmenting the building of the cadres contingent in accordance with the principle of being revolutionary, younger in average age, better educated, and more professionally competent; in carrying out all-round party rectification, and strengthening the party building in ideology, style, discipline and organization; in unfolding scientific research in defense and improving weaponry and equipment; in augmenting

logistic construction to guarantee logistic support; in implementing structural reform, streamlining and reorganization, with a demobilization of 1 million men; in setting up the reserve service system and augmenting the reserve forces of defense; in supporting national construction and rushing to meet emergencies and sending relief to disaster areas; and in conducting the war of self-defense and counter-attack against Vietnam and safeguarding China's territory and the peace and security of the border regions. The commanders and soldiers of the whole army have withstood the historical change of the state and all kinds of tests and made important contributions to defending and building the motherland.

The Great Historical Change

With the end of the 10 years of turmoil, our party, state, and army construction were facing a new choice, which became even more pressing after 2 years of hesitation.

In December 1978, the 3d Plenary Session of the 11th CPC Central Committee decided that the work focus of the whole party and nation be shifted to socialist modernization. That was a historical turning point. Under the guidance of the party general principle, the leadership of the Central Military Commission re-evaluated the current world strategic pattern, judged the hour and sized up the situation, and resolutely made the decision: A strategic change must also be carried out in the guiding idea for defense construction and army building, namely, the transfer of war preparations in which "the warriors were always on the alert on horseback" to the orbit of peacetime construction. History will record a brilliant page as follows:

At the 6th Plenary Session of the 11th CPC Central Committee in June 1981, Comrade Deng Xiaoping was elected chairman of the CPC Central Committee Military Commission; at the First Session of the Sixth NPC, Comrade Deng Xiaoping was again elected chairman of the PRC Central Military Commission. Under Comrade Deng Xiaoping's leadership, a series of important decisions was made at various sessions of the military commission, and fast progress in army building has been made. The whole army has maintained political unanimity with the CPC Central Committee, subjected itself to the whole situation of national construction, fulfilled the tasks for streamlining, reorganization, and structural reform, embraced construction in a big way with modernization as the focus, improved weaponry and equipment, realized the combination of various services with fewer but better men, and augmented the building of reserve forces. In June 1985, Comrade Deng Xiaoping declared that the Chinese Government had decided that the PLA would demobilize 1 million troops. All this indicates that China's national defense and army construction have already realized a strategic change in the guiding idea, and are on the path of peacetime construction.

Results of Army Streamlining and Reorganization

Troops	1 million men demobilized
Divisions and regiments	decreased by 4,054 units
Units at army level	decreased by 31
Regional military commands	decreased by 4
Militia Departments, at county and city level	2,592 units transferred to local jurisdiction
Railway Corps	merged with Ministry of Railways
Capital Construction	removed Engineering Corps
Artillery Command	changed into Artillery Department under Headquarters of the General Staff
Armored Force Command	changed into Armored Force Department under Headquarters of General Staff
Engineering Corps Command	changed into Engineering Corps Department under Headquarters of the General Staff

The Level of Education and Training Has Markedly Been Raised

"It is necessary to elevate education and training to a strategic position." This important instruction of Deng Xiaoping, chairman of the Military Commission, has become a guiding principle for the PLA in military academies and colleges and the training of its troops during the new historical period. Focusing on modernization, the PLA has adhered to the principle "education must face modernization, the world, and the future," and the spirit that training should be hard, strict, and geared to the needs of actual combat. By adhering to reform, giving prominence to focuses, making overall plans and considering all factors, and paying attention to harmonious development, the PLA has continuously improved the standards of education and training, brought up a large number of qualified people of various categories at various levels, and further augmented combat effectiveness in self defense under modern warfare conditions.

On three occasions since 1979, the Military Commission has called army-wide conferences for military academies and colleges, and gradually made explicit the principle of running military schools during the new historical period, namely: It is imperative to bring up qualified people in all-round development of morality, intelligence, and physique for the building of a modernized, regular revolutionary army, with Marxism-Leninism-Mao Zedong Thought as the guidance and education as the central task, based on the strategic principle of active defense. It is necessary to adhere to the principle of linking theory with practice, education with scientific research, and academic education with the training of the troops.

Under the guidance of the new principle for running schools, the military academies and colleges have focused on the reform of educational contents, made complete and perfect the structure of officer training, implemented opening up in running schools, and new progress has been made in revolutionized, modernized, and regular construction of military academies and colleges.

Since 1979, the PLA military academies and colleges have educated some 400,000 officers of various categories at all levels. Among the existing military academies and colleges, 22 units are empowered to confer masters degrees in 212 branches of science and specialities; and 10 units to confer doctoral degrees in 54 branches of science and specialities.

The qualified people with sound political and professional qualities of various categories brought up in succession by the military academies and colleges have become, or are becoming, the pillars of army construction during the new period.

In the new historical period, a breakthrough has been made in the reform of training, which is characterized by the adherence to taking the contents of training as the kernel. The training structure characterized by "going through training first, with make-up lessons coming after" is becoming more and more complete and perfect with each passing day. The system of training items from individual drilling to division exercise has begun to take shape, the theoretical research into campaigning is ever deepening, the methods of training are becoming all the more suitable to the requirements of actual combat, and the quality of training of the troops has been improved.

The Military Commission decided to establish training units under the group army in 1985 in order to change the condition of mixint veterans and new recruits in training, a practice which had been going on for years. All armies and services have also conducted reform in the training of new recruits. Again, the Military Commission decided to organize training divisions toward the end of 1986, and the PLA training structure characterized by "going through training first, with make-up lessons coming after" was further completed and perfected.

Based on actual battle needs, the collective training of the troops is worked out according to the requirements of "field action," and is organized in ascending order, with multiple topics and contents, and the participation of multiple services, training and combinations formed, and combat effectiveness taking shape at every level.

At present, an educational and training system with rather good results is being formed in the PLA; an audio-visual education program is beginning to take shape; simulated training equipment is fast developing; and the means of education and training has entered upon a new phase. Pleasing results have been scored in the military training of the Army, Navy, Air Force and the Second Artillery Corps as well. For example, there was a 4-fold increase in class one ships in service with the Navy from 1987 to 1979. In the Air Force, the number of Class A combat units of the air arm increased 5-fold from 1986 to 1979, while the number of "all-weather" pilots increased 10-fold during the same period.

A New Situation Emerging in the Construction of Logistic Services

PLA logistics departments at all levels have actively implemented reform and augmented work on support services, by subjecting themselves to the whole situation of national economic construction, and focusing on the army modernization. A new situation has emerged in the field of support services.

The proportion of defense expenditures in China's budget has dropped to its lowest level in PRC history since 1980. In face of such a condition, PLA logistics departments at all levels have adopted all kinds of measures to effectively improve the results in fund-spending. The supply structure has been reformed; the old closed structure characterized by the separation of departments from localities has been breached. A new practice is being pursued, in which materials commonly used by the Army, Navy, and Air Force are supplied on the spot, universally used equipment is to be repaired in a designated region, and the sick and wounded are to be treated in hospitals of designated regions. This saves manpower and material resources, while improving work efficiency.

At the same time, they have organized diversified forms of production operation based on the requirements of the relevant state principle and policies, under the prerequisite that all tasks in the training, livelihood, and duties of the troops are guaranteed. More than 60 percent of the companies army-wide have basically realized an approximately 30 percent increase in food supply through agricultural and sideline production.

Systematic investigation has been periodically conducted in all border and coastal defense units, hospitals, supply depots, camps, transport and communication units (fendni), and Second Artillery Corps bases since 1982. Specific plans and measures were drawn up and implemented to augment the construction of logistic installations for border and coastal areas, and Second Artillery Corps bases, to repair supply depots and camps, and to consolidate hospitals. With 3 years of hard work, practical difficulties in housing, communications, the supply of drinking water, lighting, and vegetables, and medical treatment in border and coastal defense troops were universally solved, and better material conditions were created for the cadres and soldiers safeguarding the border regions.

On the basis of some 3 decades of construction, the PLA logistics departments have readjusted and augmented the construction of rear bases since 1979; allotted special funds to repair the large number of base supply depots hastily built of inferior quality during the Cultural Revolution; set up and completed and perfected the administrative organs of strategic and operational bases in the rear. Now there is a comparatively complete and comprehensive supply support system with supply depots and hospitals as the main body, consisting of transport, pipeline and wire, engineering, telecommunications, and repair services units (or fendni). To suit future combat requirements, most of the PLA supply depots in rear bases are now built in caves. The operation of most of the supply depots is now mechanized or semi-mechanized, with a small number of them realizing computerized automation.

A large number of advanced, intermediate, and primary rear service commanders and professional cadres have been brought up through the restoration and strengthening of logistics academies and colleges army-wide, as well as education in diversified forms and channels including correspondence education, examinations for the self-taught, short-range training courses in rotation, and training with the help of local colleges and schools.

Research in science and technology in the field of logistics has been unprecedentedly active. Between 1979 and the end of 1986, 96 projects won national prizes for progress in science and technology, 46 projects won national prizes for invention, and 635 projects won first or second army prizes for progress in science and technology. In areas including field mess equipment, field first-aid, NBC medicine, the rush-repair of equipment in the field, rapid POL supply, and aviation supplies, new equipment has been developed and delivered to the troops for use on a trial basis; this has improved the capability of wartime rapid supply and comprehensive support.

Rapid Progress in Defense Science and Technology Industry

In the spirit of self-reliance, hard work, and arduous struggle, scientists and technicians, workers and cadres in the field of defense science, technology and industry have initially set up their own base with rather complete professional categories. They have formed a whole range for scientific research and production, with the capability of independent research-development of various categories of weaponry and equipment. They have brought up a contingent of rather good workers in scientific research and production, and made contributions to defense construction and the national economy. Since the 3d Plenary Session of the 11th CPC Central Committee in particular, they have earnestly implemented the principle of reform, opening up, invigorating the domestic economy, and the principle of "linking defense-related industry with civil industry, linking peace-time construction with war preparations," and effectively upgraded the capability of the independent research-development of weaponry and equipment. The PLA has further developed its weaponry and equipment, and scored remarkable accomplishments in the production of articles for civilian purposes and the transfer of technology of defense industry to civilian rule. Since 1980, the industry has won some 300 prizes for inventions for defense purposes, around 500 national prizes for progress in science and technology, and about 10 national prizes for natural sciences.

Implementing Reform and Blazing New Trails in Political Work While Inheriting a Fine Tradition

On the basis of inheriting a fine tradition, the PLA has continuously reformed and blazed new trails in its political work, and given full play to its role of service and guarantee.

In August 1979, the PLA earnestly implemented Comrade Deng Xiaoping's instruction to universally unfold discussion on the criterion for truth. The whole army further eliminated "leftist" effects, adhered to the party

ideological line of seeking truth from facts, rectified the guiding idea for the army political work during the new period, and guaranteed a high level of ideological and political unanimity with the CPC Central Committee, and the absolute obedience of the army to the party command.

The army has continuously augmented and improved ideological and political work, and attached importance to bringing up revolutionary soldiers who have lofty ideals, high morals, and good cultural standards and discipline. Focusing on the new problems emerging in army building during the new period, the army unfolded discussion on "personal losses and gains" in conjunction with party rectification. In recent years, the army has universally promoted the spread of common legal knowledge and education in the "Eight Prohibitions." Education in these areas has greatly stimulated the "five kinds of revolutionary spirit" among commanders and soldiers and guaranteed the fulfillment of all tasks. A large number of advanced collectives and individuals have emerged in the army, with 81 collectives and 143 individuals conferred honorary titles by the Central Military Commission.

The army has conducted a rather wide-ranging readjustment of leading bodies at all levels in accordance with the instructions of the CPC Central Committee and the Central Military Commission. Many middle-aged and young cadres with both ability and political integrity are being appointed to leading posts at army, division, and regiment levels. The leading bodies at all levels have become bright and able, younger in average age, and comparatively rational in structure, with their educational background and professional standards markedly elevated.

The army has all along attached importance to education in science and culture. Great accomplishments have been scored in studying science and culture as well as bringing up qualified people for both military and civil purposes. Statistics show that by the end of 1986, the army had more than 3.9 million cadres who became college or polytechnic graduates through study. Ninety-two percent of the cadres had an educational background of a high school graduate. The army has set up some 6,000 bases or training spots for cultivating qualified people; 1.5 million qualified people for both military and civil purposes were trained between 1985 and 1986.

The army and the people together build socialist spiritual civilization. With the concern of the CPC Central Committee, the State Council, and the Central Military Commission, and the unified leadership of local party committees and governments at all levels, the activities of the army and people together building socialist spiritual civilization have spread in all areas from selected points, to the urban from rural areas, and developed in breadth and depth. Year-end statistics in 1986 showed that of 40,000 instances of army and people together building socialist spiritual civilization, half had been commended by party committees and governments at and above county level.

Party organizations at all levels have continuously strengthened their own construction. The party rectification work, which began in November 1983 in the army, basically concluded in December 1986. Through party rectification, the combat effectiveness of party organizations of the troops at all levels has

been further augmented; this has guaranteed the fulfillment of all tasks, laid down a sound foundation for the constant party building, and accumulated helpful experiences.

Cultural work has played an active part in augmenting the building of a modernized, regular revolutionary army. At present, the army has more than 2,400 clubs at regiment level, and more than 2.2 million clubs at company level. Many excellent army sportsmen are undergoing intensive training, going all out to strive for better results. In recent years, 23 people have on 22 occasions won 15 world championships, 7 have broken 15 world records on 35 occasions, and contributed to China's sports breaking out of Asia and marching into the world.

Important Progress Made in Building Reserve Forces

In peacetime, manpower resources should be stored among the people; they must be ready to assemble at the first call and be capable of fighting and winning in wartimes. The reserve forces with men in active service as backbones, and officers in reserve as foundation are showing their strength in various parts of the nation.

After the 3d Plenary Session of the 11th CPC Central Committee, the Central Military Commission proposed the necessity of streamlining the regular army and augmenting the building of reserve forces. To achieve this, a series of readjustments and reforms have been conducted in militia work, which is developing in the direction of building a system of reserve forces with Chinese characteristics. The militia organization has developed from a single service of infantry to a powerful mass armed force including anti-aircraft artillery, field artillery, signals, engineering, chemical defense, and reconnaissance units as well as specialized technical teams of the Navy and Air Force. The contents of military training for the militia have changed from formation drill, shooting, and grenade-throwing in the past to the "three attacks," NBC defense, and knowledge of modern guerrilla warfare. Training is now conducted in training bases in counties and cities instead of the old small, local, and dispersed type. More than 50 percent of the counties and cities throughout the nation have established bases for militia training, with over 95 percent of those undergoing militia training up to standards. The quality of militia weaponry and equipment has been markedly improved, with old ones replaced by standardized China-made weaponry and equipment. Work regarding the control of militia weaponry is becoming more scientific and automated.

Since 1985, more than 100 colleges and senior middle schools have successively developed military training on a trial basis, with 150,000 students participating. This has spread education in national defense, augmented defense concepts among young students, and brought up reserve forces, which are able to wield both the pen and the gun for the army.

To Defend and To Build the Motherland

For the peace and security of thousands upon thousands of families and the smooth progress of the four modernizations, PLA commanders and soldiers are always standing guard on full alert on the border defense lines day and night on icy-cold and oxygen-starved snowy mountains and high plateaus, in the desolate Gobi Desert, on wave-lapped coastal islands, and on steep mountain peaks in the broiling summer heat in southern Xinjiang. This fully embodies the PLA purpose of serving the people heart and soul, and the lofty sentiment "my sacrifice will bring the happiness of 1 billion people" of the new generation of very fine men.

All the troops have adopted diversified forms to actively support and participate in national economic construction, and made new contributions. The army has opened 50 percent of its special railway lines in support of the localities developing their transport and communications ventures. The Air Force has evacuated 44 airports for the use of civil aviation; approximately 60,000 civilian airplane take-offs and landings take place there annually. The Navy has converted 15 of its dockyards and airports into ones serving both military and civil purposes.

Over the past 8 years, the PLA has supported and participated in more than 1,000 national key projects in various categories every year. At the same time, it has transferred a large volume of men and material resources in support of the building of local public welfare undertakings; helped poverty-stricken areas to get rid of poverty to become well-off; and developed afforestation on a large scale. The troops have displayed indomitable spirit in answering emergency calls and providing disaster relief. Wherever the lives and property of the masses are in danger, wherever state property is threatened, the PLA will come to the rescue. On more than 75,000 occasions over the past few years, the army has answered emergency calls and provided disaster relief of various descriptions, rescued more than 980,000 people afflicted in disasters, and speedily transported more than 7.6 million tons of materials and equipment as disaster relief.

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MILITARY, PUBLIC SECURITY

LOGISTICS DEPARTMENTS STRIVE FOR GOOD WORK WITH LESS MONEY

OW260955 Beijing XINHUA Domestic Service in Chinese 0542 GMT 26 Jul 87

Beijing XINHUA Domestic Service in Chinese 0542 GMT 26 Jul 87

[By reporters Gai Yumian and Zhang Haiping]

[Excerpts] Beijing, 26 Jul (XINHUA)--The PLA logistics departments at all levels subordinate themselves to the overall national economic construction and strive to "do even better work with fewer people and less money" despite reduced personnel and cut expenditures. The results have been encouraging.

Spending for national defense has been cut largely in recent years. To ensure Army building with limited money, the General Logistics Department proposes the guiding thought of "doing better work with fewer people and less money" to adapt to the changing situation. Logistics departments on all levels strive to explore new ways, reform the logistics structure, and raise work efficiency, thus creating a new situation and injecting vitality into logistics work. Statistics show that, since 1979, Army logistics departments have won 96 national awards for scientific and technological achievements, 46 national invention awards, and 635 Army scientific and technological advancement awards, first and second grade.

The PLA logistics departments have further improved and perfected the financial management system. They promote funding the contractual responsibility system, the contract system for investment in capital construction projects, introducing a bidding system, and creating an auditing system and structure, thereby greatly raising the efficient use of funds.

Production of industrial and farming products by the Army has seen great development. The gross output value of the sideline farm products produced by the Army has quadrupled since the 3d Plenary Session of the 11th CPC Central Committee. Several thousands of Army-produced products have been sold on the markets.

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MILITARY, PUBLIC SECURITY

ANHUI RESERVE FORCES IMPROVE TRAINING, EQUIPMENT

OW251413 Hefei Anhui Provincial Service in Mandarin 1100 GMT 22 Jul 87

[Text] Anhui province is making headway in building its national defense reserve force with the militia as the mainstay. Since the 3rd Plenary Session of the 11th CPC Central Committee and since the Central Military Commission proposed reducing the regular forces and strengthening the reserves our province has constantly carried out a series of adjustments and reforms within the militia.

The militia organization has developed from an infantry into a multiservice people's armed force with artillery, communications, and chemical defense units. The military training programs of the militia have changed from the formation, shooting, and grenade throwing practice of the past to modern national defense military training. The training procedure has changed from small-scale, on-site, and scattered training to centralized training at training camps.

The quality of arms and equipment used by the militia has improved markedly. Over 90 percent of personnel in the basic militia units are ex-servicemen and 26 percent of the specialized units have undergone special technical training. The 1st Army Reserve Division of Chuxian County has undergone training in maneuvers such as rapid massing and making forward thrusts into enemy positions. Since its formation, it has trained 30 companies. Examinations have shown that the results were good.

In order to perfect the reserve duty system, the provincial military district, military academies, and armed police force dispatched 260 personnel to 25 institutions of higher learning including the Chinese University of Science and Technology, Hefei Industrial University, and Anhui University to conduct military training for students. More than 13,000 students completed military training. Military training has enhanced the students' defense concepts, and a contingent of well-trained reserve duty personnel has been fostered.

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SHANDONG REPORTS DEVELOPMENT OF NORTH SEA FLEET

SK281121 Jinan Shandong Provincial Service in Mandarin 2200 GMT 27 Jul 87

[Excerpts] The Navy's North Sea Fleet has exerted great efforts to achieve modernization. At present, it possesses a fairly high naval offensive and defensive capacity, and has become a great wall of steel on the sea to safeguard the safety of the territorial seas of the motherland.

The North Sea Fleet was established on 1 August 1960. At that time, in addition to a few naval ships, and rather backward weaponry, what it possessed was largely gunboats to defend the coastal areas, which lagged far behind requirements for naval battles. To build a powerful navy, the North Sea Fleet began to equip itself with new home-made naval ships beginning in the 1970's. At present, it possesses fairly advanced guided missile destroyers, guided missile frigates, nuclear-powered ballistic missile submarines, and coastal defense missiles, and has become a combined force. The fleet is making efforts to acquire more guided missiles, and electronic and automatic weaponry.

In the past, its communications equipment could ensure only short-distance communication in coastal areas. At present, it has established a long-wave and short-wave communications network. Over the past 10 years and more, the North Sea Fleet has also achieved great progress in ocean supply and rescue. Over the past few years, it has also dispatched several naval ships to fulfill escort, guard, and salvage tasks for experimental rocket launches and to accompany our country's scientific expedition ship to the South Pole to accomplish the task of building the Great Wall south polar station.

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MILITARY, PUBLIC SECURITY

NEW SHANDONG RESERVE ARTILLERY UNIT ESTABLISHED

SK290512 Jinan Shandong Provincial Service in Mandarin 2200 GMT 28 Jul 87

[Text] An artillery unit of the Jining ground force reserve was organized shortly before 1 August. A meeting to mark its establishment was held at Jining Stadium on 28 July.

Li Jiulong, commander of the Jinan Military Region; Jiang Chunyun, deputy secretary of the provincial party committee and acting governor; Song Qingwei, deputy political commissar of the Jinan Military Region; Liu Yude, commander of the provincial military district; and Cao Wansheng, political commissar, and responsible persons of the General Staff Headquarters, the General Political Department, and relevant departments of the Jinan Military Region and provincial military district as well as leading comrades of the Jining City party, government and army organs attended the meeting.

The meeting was presided over by Liu Yude. Song Zingwei announced the order of organizing the artillery unit. Li Jiulong presented the army flag to the Jining reserve force.

At the meeting, Song Qingwei set forth demands on how to strengthen the building of reserve forces. In his speech, Jiang Chunyun expressed the hope that all commanders and fighters of the reserve forces will inherit and promote the fine traditions of the PLA, and consciously carry out the military service duty with a lofty patriotic and revolutionary heroic spirit.

A military review was also held at the meeting.

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CSO: 4005/900

SHANGHAI UTILIZES UNDERGROUND AIR DEFENSE WORKS

HK150539 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0931 GMT 13 Jul 87

[Text] Hong Kong, 13 Jul (ZHONGGUO TONGXUN SHE)--According to a report from Shanghai, Shanghai Municipality has made use of its huge underground air defense facilities to set up bazaars, hotels, restaurants, factories, and so on, and the present utilization rate of the underground air defense facilities ranks first in all provinces and municipalities of China.

The construction of these works commenced in 1969. At that time, several hundred thousand people worked together and after nearly 10 years' painstaking construction, built a criss-cross network of reinforced concrete underground works covering a total area of about 1.12 million square meters linking some 100 Shanghai streets.

After completion of these underground facilities which would provide service during wartime, the government spent an enormous sum of money every year to "provide for" them, and many people in society complained, saying: "A large amount of money has been buried under the ground for nothing."

Today, Shanghai's underground air defense facilities have enabled Shanghai, whose land is very valuable, to considerably expand its space. Various circles in society have made use of them to set up hotels, restaurants, bazaars, factories, hospitals, warehouses, conference halls, amusement parks, and so on. According to statistics, there are some 430 hotels with some 23,000 beds. This has both mitigated "difficulties in lodging" and "difficulties in boarding" of a floating population of some 1 million every day, and also maintained the works properly in the course of their use. In the past, maintenance of these air defense facilities cost 15 million yuan every year which was appropriated by the government, but they can now submit 3 million yuan in taxes and profits to the government.

Shanghai underground air defense works have been mostly equipped with special equipment, including medical and first aid equipment, communications equipment, chemical defense equipment, and radiation protection equipment. They have developed from the previous facilities, with the single function of protection against air raids during wartime, to the present multi-purpose facilities which make things convenient and are beneficial for the people and

serve the purposes of protection against typhoons, floods, and earthquakes and providing disaster relief. In July last year, parts of the Shanghai suburbs, including Nanhui, Shanghai were hit by an extraordinary tornado, bigger than any experienced during the past 30 years. When houses collapsed, the supply of electricity was suspended, and communications were out of order, Shanghai's underground air defense facilities resolved the extremely urgent cases and guaranteed the rapid and smooth accomplishment of providing disaster relief.

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SHANGHAI AIR FORCE UNITS CONDUCT COMBINED TRAINING

OW221121 Shanghai City Service in Mandarin 2200 GMT 21 Jul 87

[From the "Morning News" program]

[Text] According to JIEFANO RIBAO, Air Force units stationed in Shanghai successfully conducted a combined training exercise recently in the air space over a wide coastal area along the East China Sea that involved different types of aircraft and different arms of services. It provided a new experience for the Air Force units in conducting their training. The Air Force's leading organ praised this experience and recommended that it be popularized.

Combined training is a form of tactical training in which boundary lines between different types of aircraft and different arms of services are disregarded to place the air units, radar units, surface-to-air missile units and antiaircraft units under a unified command for coordinated exercises which follow a unified plan. The purpose of this training is to enhance the combat readiness of the units as an integrated force in order to adapt to the characteristics of three-dimensional warfare in the future.

Since the first half of 1986, Air Force units stationed in Shanghai have carried out several integrated training exercises aimed at countering the attack of an enemy's aircraft carriers and in accordance with wartime procedures. The air units, while maintaining their ability to fly and fight under the four different weather conditions, have broken out of the confines of single-type aircraft training to conduct training exercises that call for coordinated operations between different types of aircraft and between the air and ground forces. The radar units, while consolidating and improving their techniques to track targets at long distances, have overcome the difficulty of maintaining an accurate view of what is happening in the air on a timely basis in the face of hypothetical electronic jamming from the enemy. The antiaircraft artillery and guided missile units have undergone arduous training to enhance their ability for fast reaction and mobile operations in accordance with the division of responsibility.

Serious efforts in study, research, and analysis have enabled commanders at various levels to enhance abilities to command in a combined operation as well as their drilling capabilities. As a result of more than 1/2 year's independent training, 68 percent of the pilots have become either special class or first class pilots. The number of various skilled hands has increased 15 percent than before. The units have also significantly increased their quality and fast reaction ability.

To make sure that the units using different types of aircraft and units of different arms are ready for a combined operation when needed, they have, in addition to their independent training courses, carried out training on certain other subjects in preparation for combined operations. At present, China's Air Force has already built a three-dimensional defense system in the air space over the East China Sea.

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MILITARY, PUBLIC SECURITY

BRIEFS

DEMOBILIZED SOLDIERS RESETTLED--Anhui Province has made rapid progress in recruiting and employing people capable of doing both military and local production work. Over 90 percent of the province's prefectures, cities, and counties, including suburban areas under county jurisdiction, have set up organizations to serve these dual-purpose people. Since the 3d Plenary Session of the 11th CPC Central Committee, nearly 200,000 demobilized soldiers have returned to rural areas in the province. Over 60 percent of these soldiers have been properly resettled in various ways. Some 81.5 percent of demobilized soldiers with specialized skills have found employment. Many have become major leaders, key technical personnel, or experienced managers after they were employed by township, town, or village enterprises. More than 37,000 of these soldiers have become grassroots cadres in rural areas, while a large number of others have been appointed rural judicial assistants, voluntary public order keepers, or legal knowledge promoters. They have made positive contributions to promoting material and spiritual civilizations in rural areas. [Excerpts] [Hefei Anhui Provincial Service in Mandarin 1100 GMT 25 Jul 87 OW] /12624

CSO: 4005/900

ANHUI'S LI GUIXIAN ADDRESSES PARTY DELEGATES

OW030953 Hefei ANHUI RIBAO in Chinese 20 Jun 87 pp 1, 2

["Excerpts of L. Guixian's Speech at the Anhui Conference of CPC Delegates on 18 June 1987"]

[Text] The main purpose of the current provincial conference of party delegates is to elect our province's delegates to the 13th CPC National Congress. The conference has also heard the guidelines of the national party rectification work summation conference and studied the important speeches made by the central leading comrades. Based on the guidelines of the discussions held by the Standing Committee of the provincial Party Committee, I would like to make a few points on the current work.

I. Be More Conscious of the Need to Implement the Line Since the 3d Plenary Session of the 11th CPC Central Committee

Since the 3d Plenary Session of the 11th CPC Central Committee, Comrade Deng Xiaoping has made a number of important speeches on how to correctly understand and implement the line laid down by the party since the session. Recently, Comrade Zhao Ziyang, in his important speeches at the national party rectification work summation conference and other meetings, has focused his expositions on this issue. These speeches made by the central leading comrades comprehensively and accurately sum up the basic contents and essential substance of the line formulated since the 3d Plenary Session of the 11th CPC Central Committee and clearly indicate the orientation for building socialism with Chinese characteristics. These speeches are of great guiding significance in our efforts to uphold the four cardinal principles, deepen various reforms, and concentrate energy on developing the productive forces. We must seriously study and deeply understand them in combination with reality in order to further unify our thinking and become more conscious of the need to implement the line since the 3d Plenary Session of the 11th CPC Central Committee.

As we look back on the course we have traversed in the past few years, we can clearly see that the party's line since the 3d Plenary Session of the 11th CPC Central Committee and its principles and policies are completely correct: conform to the situation in China, to the law governing the development of China's history, and to the fundamental interests of the people; and represent a Marxist line for building socialism with Chinese characteristics. We always

say we should maintain political unity with the party Central Committee. To achieve this, the most important thing to do is to unswervingly and consciously implement the line, principles, and policies of the party Central Committee. What should we do in order to become more aware in implementing the line since the 3d Plenary Session of the 11th CPC Central Committee? I would like to stress the following three points here:

First, it is necessary to be deeply aware of the objective grounds and basic starting point on which the party's line has been formulated since the 3d Plenary Session of its 11th Central Committee. At present, China is still at the initial stage of socialism. It must first develop the productive forces to break free from poverty. Here lies the objective grounds and basic starting point for the line since the 3d Plenary Session of the 11th CPC Central Committee. Comrade Deng Xiaoping has repeatedly emphasized that the fundamental task at this stage of socialism is to develop the productive forces. Socialism aims at wiping out poverty. Poverty is not socialism. We should persist in socialism, however, in order to go a step further to build a socialism superior to capitalism, so the primary thing to do is to break free from socialism riddled with poverty. The superiority of socialism lies in the fact that it calls for the gradual development of the productive forces and a gradual improvement of the people's material and cultural lives. In these important theses set forth by Comrade Deng Xiaoping, he has combined the fundamental principles of Marxism with the reality in China, correctly analyzed the situation in China, summed up the historical experience in socialist construction since the founding of New China, and reflected the basic demands of the Chinese people at the present stage. This shows that, in order to consciously implement the line since the 3d Plenary Session of the 11th CPC Central Committee, we must always persist in proceeding from the situation in China--since it still remains at the initial stage of socialism--in order to attach great importance to the productive forces and to develop them.

Second, we should firmly grasp the two basic points of the line since the 3d Plenary Session of the 11th CPC Central Committee, as well as their internal relationship. The two basic points are: upholding the four cardinal principles, and adhering to the policy of reform, opening to the outside world, and invigorating the economy. The former is fundamental to building and governing our nation; the latter constitutes the general principle and policy for building socialism with Chinese characteristics. These two points are unified, supplementary to each other, and indispensable. Neither can be used to negate or replace the other. The correct implementation of the line since the 3d Plenary Session of the 11th CPC Central Committee can be guaranteed only when we establish an organic unity in our understanding and in practice between upholding the four cardinal principles and adhering to the policy of reform, opening to the outside world, and invigorating the economy; correctly wage the struggle on the two fronts; and constantly eliminate the disturbances caused by bourgeois liberalization and rigidity. An important task before us now is how to intensify the struggle to oppose bourgeois liberalization and how to conduct reform more thoroughly. We should realize that, under the leadership of the party Central Committee and after several months of efforts, great achievements have been made in the struggle to oppose bourgeois liberalization. The rampancy of the ideological trend of bourgeois liberalization has

been checked, and the overall situation is now under control. However, this long-term arduous struggle will persist throughout the process of modernization, and should be carried out for decades. It is impossible to achieve quick results. Therefore, we should follow the central authorities' plan and wage this struggle in a deepgoing, wholesome, and sustained manner so that the positive education about the four cardinal principles can be deeply ingrained in the people's minds. In conducting this positive education, we should also pay attention to the work regarding comrades who have made mistakes, consolidate the press, do a good job in training theoretical and propaganda workers, strengthen ideological and political work, and constantly intensify the efforts to develop socialist spiritual civilization.

In the previous stage, when the ideological trend of bourgeois liberalization was running unchecked, we devoted much of our efforts to opposing bourgeois liberalization. This was absolutely necessary; but this does not mean that reform, opening to the outside world, and invigorating the economy are not important, or that we can relax or discontinue our efforts in this area. To build socialism with Chinese characteristics, it is imperative to make reform, open to the outside world, and invigorate the economy. This is an important difference between the line adopted since the 3d Plenary Session of the 11th CPC Central Committee and the "leftist" ideas of the past. The reform we now undertake is based on adherence to the four cardinal principles and is designed to achieve self-perfection and development for the socialist system. The fundamental purpose of reform is to develop the productive forces and pave the way for the prolonged, steady development of China's economy. Therefore, we should not only maintain, but also accelerate, the efforts to make reform, open to the outside world, and invigorate the economy. Practice in the 8 years since the 3d Plenary Session of the 11th CPC Central Committee fully testifies to the fact that without reform, it would be impossible to rapidly develop the productive forces or to build socialism with Chinese characteristics. Therefore, after the question of the rampancy of bourgeois liberalization has been settled, it is necessary and possible to continue to conduct positive education while devoting greater efforts to accelerating the process of making reform, opening to the outside world, and invigorating the economy.

Third, we should continue to emancipate our minds, take bold steps to tackle new problems, and promote a pioneering spirit. Reform means taking a road that has never been walked before, and, understandably, disruptions from the "left" and right are unavoidable. Unquestionably, we should not make light of disruptions from the right, particularly the influence of bourgeois liberalization. However, viewed from the entire process of building socialism with Chinese characteristics, disruptions from the "left", especially the influence of ossified views, are more prominent, and we must pay great attention to them. We should fully arouse people's enthusiasm and creative spirit, continue to champion the emancipation of the mind, take bold steps to tackle new problems, and carry out experimental reform in all fields. We should have the courage to do away with those non-socialist things added to socialism under the influence of the "leftist" ideology in the past, and explicitly decide if a reform measure is correct or successful or not by seeing whether

the measure is correct or successful or not by seeing whether the measure contributes to unleashing the productive forces and economic development. Based on this principle, all localities and departments should continue to carry out all reform policies and measures adopted by the central and provincial authorities by taking their actual situation into consideration, and should further sum up their experience and improve their work in the course of implementation. We must adopt a practical and extremely careful attitude toward problems and mistakes which are bound to crop up in the course of reform. We must not jump to conclusions, or still less wantonly link these problems or mistakes to bourgeois liberalization. To those comrades who have made mistakes in making reforms, we should patiently help them draw lessons from their experience, try to maintain their enthusiasm in reform, and encourage them to stick to making reforms.

II. Concentrate Our Efforts on Doing Economic Work

The economic situation in our province has been fine since the beginning of this year. All localities and departments have conscientiously carried out the party Central Committee's important decisions on curbing the overexpansion of capital investment, on carrying out a campaign to increase production and practice economy and increase revenue and reduce expenditure, and on further carrying out reforms. This has ensured and contributed to the sustained, steady, and balanced development of the province's economy. Nevertheless, we must not ignore the problems and difficulties in our current economic work. What merits our special attention is that a great many enterprises and units have not conscientiously carried out the campaign to increase production and practice economy and increase revenue and reduce expenditure, that their industrial economic results have not been as good as expected, that their financial revenues have increased rather slowly, that they have not achieved good results in trimming financial expenditures, and that their production safety work has fallen short of expectations. We must treat these problems seriously and take effective measures to deal with them.

First, we should ensure that the campaign to increase production and practice economy and increase revenue and reduce expenditure is truthfully carried out. Organs at the provincial level and all departments and industries should assign people to see how the campaign is being carried out by their subordinate units. Each leading cadre should keep track of the campaign carried out at one or two large enterprises and try to discover and seriously analyze existing problems. We should take effective measures to deal with those who fail to conscientiously carry out the campaign, analyze why some units do not follow established regulations and do something about it, and take corrective measures against those who violate established regulations or have other problems. Administrative and management expenditure and social and group purchasing power must be curbed. Issuance of bonuses and material rewards must be prohibited. Celebratory activities of industrial and mining enterprises, shops, schools, and government organs must be brought under strict control. Occasions that need to be celebrated may be marked by a meeting at which leaders of the unit may talk about the hardships in the unit's development and its future prospects. They must not be allowed to take the opportunity to spend lavishly, to feast,

or to issue monetary or material rewards. From now on, whoever decides to make the anniversary or other occasions of a unit by giving a sumptuous feast or by issuing monetary or material rewards should pay for the expenses incurred. In addition, these people are to be investigated for responsibility according to party and administrative discipline.

Second, it is necessary to continue to deepen the reform. While deepening the urban economic reform, we must strengthen the leadership and pay close attention to the central task, i.e., the invigoration of large and medium-sized state enterprises. It is necessary to continue to explore various practical measures for separating enterprise ownership from managerial authority and to strive to perfect the operational mechanisms in enterprises. It is also necessary to develop the market for the means of production, set up the capital market, and study methods for improving and strengthening macro-control. As far as the contracted managerial responsibility system is concerned, it is necessary to study the scope of contracts and measures to ensure its effectiveness. Successful experience by some enterprises has proved that the crux lies in the introduction of the system under which the factory director is held responsible, and thus pressured, for the attainment of certain objectives. Of course, such objectives must be practical and be able to motivate the staff members and workers of enterprises. At the same time, it is necessary to adopt effective measures and set a time limit for stopping the operational deficit of enterprises. Product quality must be improved to enhance enterprise credit. Efforts should be made to further expand the collective economy in urban areas. It is also necessary to deepen the rural reform and take bolder and more diversified measures to develop the commodity economy in rural areas. In implementing the party's policy in rural areas, leaders at all levels should render managerial service instead of exercising administrative supervision in order to fully arouse the enthusiasm of the masses. It is necessary to continue to pay close attention to the economic structural reform at the county level, further enliven circulation, encourage all kinds of economic associations, and strive to achieve the best combination and rational flow of production factors in order to accelerate the pace of common prosperity.

Third, it is necessary to do a good job in this year's agricultural production, especially grain production. So far, we have basically completed the harvesting of summer grain crops. However, since the major portion of Anhui's grain comes from the autumn crops, greater efforts should be made to ensure year-round bumper harvest. It is necessary to further implement the party's rural economic policies in order to fire the peasants' enthusiasm for growing grain crops. Materials and funds earmarked for the fixed purchase of grain should not be retained or diverted to other purposes by anyone, but should be promptly delivered to the peasants. In emphasizing grain production, we are not advocating a return to the old road of "taking grain as the key link," but insisting that, while sparing no effort to promote grain production, we must bring into full play the advantages of each locality and adopt suitable measures to actively develop diversified undertakings and cash crops. We must continue to steadfastly develop rural enterprises, encouraging the establishment of small enterprises and stressing both growth rate and economic efficiency. It is also necessary to earnestly strengthen the leadership over the development and construction in the mountainous and impoverished areas in order to help them shake off poverty and become better off as quickly as possible.

Fourth, it is necessary to attach great importance to flood prevention. As far as this matter is concerned, no error caused by bureaucratic attitude should be allowed, and we should never lower our guard and trust to luck. Since Anhui has been hit by floods quite often in history, we must all the more heighten our vigilance against disaster this year. It is necessary to earnestly implement the guidelines of the national and provincial flood prevention responsibility system at all levels, and step up the efforts to deliver flood prevention materials, clear sludge and other obstacles on riverbeds, and repair and consolidate water conservancy facilities. In order to ensure safety during the flood season, it is necessary to enforce the plan for the utilization and control of water in flood diversion and storage areas, as well as the measures for relocating the masses. Special efforts should be made to consolidate hazardous sections of the Chang Jiang, Huai He, and major inland rivers and reservoirs. The provincial and all prefectural and city governments should take the initiative to keep local PLA units informed of the flood prevention work in case they need to request the PLA's prompt assistance in the event of a major flood. Not only rural areas, but also cities, factories, mines, and enterprises must be adequately prepared, both in mentality and material supply, for major floods and all kinds of natural disasters. As it has been repeatedly said, it is necessary to combat floods in order to wrest a bumper harvest.

Fifth, we must make serious efforts to organize market supply and step up market management. All localities and departments concerned must take measures in good time to conscientiously solve the "grocery basket" problem that has a bearing on the personal interests of the people. Fundamentally speaking, the way to solve this problem well is to vigorously develop production and ensure an adequate supply of commodities on the market. Furthermore, it is necessary to give full scope to the role of state-operated commercial departments as the main commodity supply channel and actively organize the supply of commodities to the market so as to keep prices down. Departments concerned should practically step up market control and carry out strict price inspection and supervision. Where necessary, it is permissible to consider setting a price ceiling. Effective measures should be taken to sternly deal with unlawful vendors who deliberately drive up or manipulate prices or disrupt market order.

III. Pay Serious Attention to Party Building on a Daily Basis

In 3½ years of party rectification, party organizations at all levels in our province have invariably shown significant progress in party building in terms of ideology, work style, discipline, and organization. Still we must clearly realize that party building is a long process of historical development. The achievements we have made in the just concluded party rectification represent only a new starting point in our efforts to pay good attention to the day-to-day work of party building. Party committees at all levels must, without exception, act in accordance with the principle of a division between party and government work in order to persist in getting involved in party affairs. They must practically include the work of party building on their agenda of major topics. In the national party rectification work summation conference, the central leading comrades made very comprehensive and clear speeches on how to strengthen party building. Party committees at various levels should organize

party members to seriously study and implement these speeches. In addition, the provincial party committee feels after studying the matter that, based on the situation in our province, the following points should be emphasized:

First, we must vigorously promote ideological and political education among party members. The main task of party building in the future is to make sure the line since the 3d Plenary Session of the 11th CPC Central Committee will be implemented. Since the line embodies two basic points, these two basic points must therefore not be overlooked. This is the guiding thought for us to carry out party building in the new period. To conduct ideological and political education among party members means to carry out in-depth education among them on the line since the 3d Plenary Session of the 11th CPC Central Committee. It is also necessary to pay more attention to carrying out education among them about the basic knowledge of the party, basic Marxist theories and the party's fine tradition, as well as socialist democracy, the legal system, and vocational ethics, so as to help them raise their theoretical level and ideological and political quality, strengthen the concept of party spirit and concept of law and discipline, and enhance their ability to resist the erosion by corrupt ideas and unhealthy tendencies. It is necessary to proceed from reality and adopt various forms in conducting education among party members in order for the education to be more meaningful, and so that it will be carried out on a day-to-day basis and in a systematic way and that it will be carried out in a down-to-earth manner with outstanding results.

Second, we must continue to rectify party work style. Rectifying party work style is an arduous struggle in the years to come and we must persistently carry out this work in a deepgoing manner. At present and for some time in the future, we must continue checking such unhealthy tendencies as abusing power for personal gain, bureaucratism, and ultraindividualism and ultra-liberalism characterized by pursuit of personal power, fame, and interests. We should regard this work as the focus of improving the party work style. Leading cadres with party membership at all levels, including the institutions under the provincial CPC Committee and government, must be strict with themselves, be honest in performing their duties, consciously resist and resolutely check unhealthy tendencies, and play an exemplary role for those inside or outside of the party. While independently investigating and dealing with discipline violations and doing earnest and meticulous work among the cadres, discipline inspection and organizational departments of the party should grasp some good examples in administering party affairs strictly and improving party work style, sum up and popularize their experiences, and effect a turn for the better in party work style.

Third, we should attach importance to strengthening the party organizationally, especially the grassroots party units. Many problems remain to be solved insofar as strengthening the party organizationally is concerned. This is particularly true of the rural areas, where many grassroots leaders are too old, poorly educated, and have all kinds of problems in ideology and work style. This situation shows that we must, on the basis of consolidating the achievements of party rectification, further strengthen the party organizationally,

especially the grassroots party units. There are many fine high or middle school graduates in the countryside who have some skills and management knowledge. Party organizations at all levels should provide training for them and recruit those qualified into the party. We should select and promote to leading bodies those relatively younger, educated, reform minded cadres who have a pioneering spirit and a strong sense of the commodity economy, who uphold principles, who do not abuse power for personal gain, and who are able to lead the masses toward common prosperity.

In strengthening the party organizationally, we must take the party's democratic centralism very seriously and strengthen the regular activities of party organizations. Party committees at the county level or higher, in particular, must ensure that all decisions on major questions are made after collective discussions, i. e. made by a single individual or a few people. We must strictly observe the system which requires party organizations and leading bodies to meet regularly, earnestly practice criticism and self-criticism, and uncover and solve problems within the party in a timely manner. Leading cadres with party membership should consciously subject themselves to the supervision by party members and the people and play an exemplary role in a still better way.

After this meeting concludes, I hope that you will work hard in your respective posts and make outstanding contributions to the construction of socialist material and spiritual civilizations in order to greet the victorious convocation of the 13th party congress.

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CSO: 4005/925

FUJIAN'S CHEN GUANGYI PROMOTES DENG XIAOPING THOUGHT

OW251850 Fuzhou FUJIAN RIBAO in Chinese 13 Jul 87 p 1

[Excerpts] At a study session of the party school of the Provincial Party Committee held on 11 July, Chen Guangyi, secretary of the committee, gave a lengthy report on what he had learned from the "two books," i.e., the importance of enhancing the understanding of the line formulated by the party since the 3d Plenary Session of the 11th Central Committee, of studying and publicizing Comrade Deng Xiaoping's thought, and of striving to build socialism with Chinese characteristics.

In his report, which lasted 3 hours, Chen Guangyi discussed three questions: 1) enhancing the understanding of the line since the 3d Plenary Session of the 11th CPC Central Committee; 2) diligent study of Comrade Deng Xiaoping's thought; 3) diligent study of Comrade Xiaoping's important speech "On Reform of the Party and State Leadership System."

On the question of understanding the line formulated since the 3d Plenary Session of the 11th CPC Central Committee, Chen Guangyi said: It is very important that all party members have a good grasp of the correct line formulated by the Party Central Committee. Although the line is familiar to everyone, its entire meaning is not thoroughly understood by all. Therefore, it is necessary to organize the vast numbers of cadres and people in Fujian to diligently study the line and correctly understand it in its entirety to achieve unity in understanding based on the central committee's guidelines.

Discussing at length the study of Comrade Xiaoping's thought, Chen Guangyi said: Comrade Xiaoping's thought is enriched with such brilliant expositions as "Build Socialism with Chinese Characteristics," "The Ultimate Task in the Socialist Stage Is To Develop Productive Forces," "Uphold the Four Cardinal Principles, Oppose Bourgeois Liberalization," "Reform, Opening to the Outside World, and Invigorating the Economy," "It Is Necessary To Build Socialist Spiritual Civilization While Building Socialist Material Civilization," "Strengthen Socialist Democracy on the One Hand and Improve the Socialist Legal System on the Other" and "One Country, Two Systems." Comrade Xiaoping's thought is a crystallization of the summation of the party's practical experience and collective wisdom, as well as a model example of integrating the universal truths of Marxism with China's realities, especially the reality of building socialism with Chinese characteristics. It has enriched and developed not

only Marxism but also Mao Zedong Thought. It is living Marxism that has added new substance to scientific socialism. All party members must earnestly study and thoroughly understand Comrade Xiaoping's thought. Only by so doing can we steadfastly and conscientiously implement the line of the 3d Plenary Session of the 11th CPC Central Committee.

On Comrade Xiaoping's important speech "On Reform of the Party and State Leadership System," Chen Guangyi said: This important speech should be the document guiding our political structural reform. All party members and cadres especially leading cadres, should enhance their understanding and achieve unity in thinking in the course of studying Comrade Xiaoping's speech and other expositions on political reform, and show concern for, study, and promote the political structural reform with great enthusiasm and realistic spirit.

In conclusion, Chen Guangyi stressed: To enable Fujian's work in all fields to advance along the line formulated since the 3d Plenary Session of the 11th CPC Central Committee, it is necessary to penetratingly publicize the line among all cadres and people. Comrade Xiaoping's thought should be included in the publicity on the four cardinal principles and the economic and political reforms. It is necessary to study his thought in the light of reality in Fujian and apply the theory of his thought in solving new problems cropping up in the reform and open policy so as to further improve Fujian's work in all fields and greet the triumphant convocation of the 13th CPC National Congress with outstanding achievements.

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CSO: 4005/926

JIANGSU CIRCULAR BANS ILLEGAL PUBLICATIONS

OW021145 Nanjing Jiangsu Provincial Service in Mandarin 2200 GMT 1 Aug 87

[Excerpt] The provincial people's government issued a circular on 31 July calling for immediate launching of a campaign to crack down in illegal publications.

The circular points out: Illegal publications are rampant in society. Some illegal elements have forged or usurped the names of legitimate publishing units to publish huge quantities of harmful books, periodicals, and audio and video tapes. The publications, which contain decadent material and are poorly printed on poor quality paper, have inundated the market and are being sold at exorbitant prices. They are extremely harmful to the physical and mental health of the people, especially young people, and are contrary to socialist spiritual civilization. Therefore, people's governments at all levels must attach great importance to this matter and take immediate and resolute action to crack down on illegal publications in accordance with the requirements and guidelines of this circular.

The circular says: The crackdown on illegal publications should be carried out under the leadership of the people's governments at all levels. All localities must immediately organize press, publishing, radio, television, industrial and commercial administrative, public security, and cultural departments to work out specific plans to implement this circular. They should concentrate their efforts on investigating and cracking down on illegal publications in their respective jurisdictions. Posts and telecommunications, light industry, communications, railway, and customs departments and other relevant units should offer close cooperation and support in this undertaking.

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CSO: 4005/926

SHANDONG'S LU MAOZENG SPEECH CONDEMNS BUREAUCRATISM

SK031120 Jinan DAZHONG RIBAO in Chinese 17 Jul 87 p 2

["Excerpts" of speech by Lu Maozeng, deputy secretary of the Provincial Party Committee, made at the conference of leading cadres of provincial-level organs on 15 July 1987: "Prevent and Overcome Bureaucracy, Improve Work Style, and Upgrade Work Efficiency"]

[Text] The provincial party committee has decided to concentrate a period of time in the latter half of this year to launch the self-study, self-investigation, and self-correction campaign among the provincial-level organs in order to prevent and overcome bureaucracy. Today's conference is aimed at implementing the guidelines of the decision of the provincial party committee and mobilizing the vast number of party-member cadres of provincial-level organs to positively participate in the campaign in an effort to upgrade the office work to a new level.

The decision on launching the campaign among the provincial-level organs is set forth in line with the current situation; the demands of reform, opening up, and economic invigoration; and the actual conditions of the provincial-level organs.

First, the extraordinarily serious Da Hinggan Ling forest fire has sounded the alarm for us. Although no serious accident as extraordinary as this has taken place in Shandong, losses and evil influence due to bureaucracy still exist. We must think over and over again about the "garlic stem case" that took place in Cangshan County this year.

Second, we should make preparations for the political restructuring. The 13th CPC Congress will make a decision on the political restructuring. In his speech in 1986, Comrade Xiaoping pointed out, "Generally speaking, the purposes of political restructuring are to eliminate bureaucracy and to arouse the enthusiasm of the people and grassroots units." In essence, the purposes of the campaign are to make ideological and practical preparations for the political restructuring and to welcome the convocation of the 13th CPC Congress with concrete deeds.

Third, we should set our sights on comprehensively promoting work progress in all fields. Our aim to launch the campaign of preventing and overcoming bureaucracy is not only to oppose bureaucracy but also to improve our

thinking, our work style, work methods, and work efficiency. We should regard the work of overcoming bureaucracy as an impetus to promote the progress of work in all fields in an effort to better fulfill them.

Fourth, launching the campaign is a demand set forth in line with the actual conditions of the provincial-level organs. Bureaucratic workstyles now exist in some provincial-level organs in varying degrees. Some departments and leading cadres are even more serious in this regard. Major indications are as follows.

The first is standing high above the masses and being too far removed from the masses and reality. Some leading cadres refuse to go deep into grassroots, conduct investigation and study, and solve practical problems. Some leading cadres fail to firmly foster an idea of serving the grassroots and the masses or become indifferent with this idea. Some departments have asked more from the grassroots but have done less work related to helping them solve problems and eliminate difficulties. Thus, they have brought about many difficulties for the grassroots.

The second is taking subjective and lopsided views and blindly making policy decisions. Some leading cadres do not listen to the people's opinions but subjectively make assumptions while doing their routine work. Instead of making investigation, analysis, and scientific appraisal and listening to specialists' opinions, some leading cadres often rely on their imagination to determine key construction projects. As a result, because of the wrong policy decisions, larger amounts of labor, financial, and material resources have been lost. Some have brought about losses to the state by being deceived for being unfamiliar with the conditions but rushing to conclude transactions while holding foreign trade talks and conducting economic and technological cooperation.

The third is shifting responsibilities onto others. Some problems that should have been solved have not been solved over longer periods of time because leading cadres evade their duty and shift responsibilities onto others. Some departments make up excuses or play for time in handling some correct decisions that are related to their interests so that their work efficiency is low, good deeds cannot be accomplished, and nobody manages the knotty problems.

The fourth is the increasing number of documents and meetings. At present, the excess documents and meetings have already become a major pollution among state organizations. The number of documents, bulletins, and meetings has become greater and greater, and the scale of meetings has become larger and larger, resulting in a sharp increase in financial expenditures and promoting the development of bureaucratism and unhealthy trends.

The fifth is dereliction of duty and irresponsibility. Some leading cadres have been slack in work and reluctant to solve problems which are within the range of their duties, while others have refused to handle affairs for fear of assuming responsibilities; still others have neglected their duties and thus incurred grave losses.

The sixth is the failure to distinguish right from wrong and uphold principles. Motivated by the philosophy of "a friend being a road and an enemy being a wall," and by the idea of "planting more flowers, but not thorns," some leading cadres have tried to skirt difficulties and turned a blind eye to evil trends and evildoers, thus failing to promote healthy tendencies and combat unhealthy ones.

The seventh is the sticking to conventions and the lack of pioneering spirit. Some leading cadres have been unable to work creatively because they have refused to earnestly study the way to integrate the party policies with the reality of their departments. Others have seriously lost their revolutionary will because they had no desire to make contributions, were satisfied with committing no mistakes, were sated with food, and remained idle. As a result, there has been no vitality and improvement in their work.

The eighth is the practice of feigning compliance and resorting to deception. Some leading cadres have maintained unanimity with the party Central Committee in word, but have stuck to their own ways in deeds. Others have indulged in formalism by refusing to seek truth from facts. Still others have reported to higher authorities only good news but not bad news and have deceived their superiors and deluded their subordinates.

There are also many other cases of bureaucracy. We must fully understand the harmfulness of bureaucracy, which will not only seriously damage the party's prestige and image but also dampen the masses' initiative and affect the four modernizations. Therefore, it must be resolutely opposed.

The "self-study, self-examination, and self-correction" campaign will be launched in two steps. The first step is: In July, August, and September, our efforts should be concentrated on conducting self-study and self-examination. We should organize state cadres to earnestly study the expositions by Marx, Lenin, Mao Zedong, Zhou Enlai, and Deng Xiaoping concerning opposition to bureaucratism, as well as study the decision of the State Council concerning the catastrophic Daxinganling forest fire and the speeches by the central leading comrades, in order to unify their thinking, enable them to clearly understand the serious harmfulness of bureaucratism, and enhance their awareness in achieving success in this campaign. We should conduct self-examination on the basis of study and enhancing understanding. Cadres, workers, and staff members of state organs should be mobilized to lay bare the bureaucratic workstyle of their own units, to discuss the harmfulness of bureaucracy, to discover the reasons for their bureaucratic style of work, and to make preparations for conducting self-correction. We should dare to reveal contradictions; thoroughly lay bare problems, particularly those bureaucratic incidents which are much complained about by the masses, are very harmful, and which incur grave losses; clearly discover the cause and effect of these incidents; and summarize experiences and draw a lesson from these incidents. We should now conscientiously investigate the hidden perils in antiflood work, fire prevention, and safety in production and transportation and should examine the problem concerning the overstocking of materials and goods, the contradictions among production, supply, and marketing, and the problem in the

"three link-ups" in procuring grain, cotton, and edible oil. We should also investigate the economic deception which causes grave losses; the irresponsibility in work; and the practices of squabbling, passing the buck, and making policy decisions in a blind manner, which have had consequences. The second step is to concentrate on carrying out self-improvement in the fourth quarter. In dealing with the discovered problems, various departments should formulate provisions, rules and regulations, pledges, and measures that deserve to be drawn up in order to establish a good working order among the organs. In the course of conducting reforms, these departments should immediately deal with the problems discovered, as long as they can be dealt with by the department itself and refrain from adopting a wait-and-see attitude. As to the problems that cannot be dealt with by themselves, these departments should also offer their opinions and methods on dealing with these problems to their higher responsible institutions. Although two steps have been provided for the activities this time, and during the period of self study and examination, it is also necessary to uphold the spirit of conducting reforms while carrying out study and examination and to correct the mistakes as long as they can be immediately corrected.

In order to enhance organizational leadership over the activities, the provincial party committee has established its leading group. The party committee of organs under the provincial party committee and of those under the provincial People's Government have assisted the leading group in successfully grasping these activities. The provincial office in charge of improving party style has been taken up by the leading group as its working office which has assumed the concrete tasks of learning about the situation, carrying out inspection and supervision, and giving comprehensive reports. In enhancing organizational leadership over the activities, provincial-level departments have had their party committee and leading party group responsible for doing a good job in carrying out these activities according to the general plan and the concrete arrangement.

In adopting methods for carrying out these activities, efforts should be made to regard self-study, self-examination, and self-improvement as major means and to make overall arrangements by integrating the activities with other work. First, we should integrate the activities with the drive to increase production and practice economy as well as to increase income and curtail expenses. Through carrying out the activities of preventing or overcoming bureaucracy, we should have the drive to achieve deep and sustained development, score greater achievements in the drive, and make efforts to fulfill or overfulfill the 1987 plan for the national economy. Second, we should integrate the activities with the drive to conduct reforms in the political system. Through investigating and analyzing the serious bureaucratic incidents and indications, we should have the broad masses of cadres clearly understand the emergency of conducting reforms in the political system and the necessity for carrying out the drive to conduct reforms in both economic and political systems simultaneously so as to lay an ideological foundation for the drive to conduct reforms in the political system after the 13th CPC Congress. Third, we should integrate the activities with the work of building party style. Bureaucracy that has been divorced from reality and the masses and has discredited the

party's prestige represents the evil party style. It can provide a shield for malpractices that can make contrary use of it. Therefore, we should understand the work of preventing and overcoming bureaucracy from the high plane of enhancing the building of party style. Through carrying out these activities, a good job should be done in dealing with the existing problems in party style, upgrading the political quality and party-spirit consciousness of party members and cadres, perfecting the system of inner party democratic life, and improving the inner party supervisory system in order to further carry forward the party's fine tradition and party style. In order to have the activities achieve smooth, healthy, and effective development, we particularly put forward the following major tasks:

1. Efforts should be made to upgrade understanding and enhance leadership over the activities. The party committee and leading party group under the provincial-level organs should understand fully the necessity of carrying out these activities, earnestly regard this work as a major task; put the task on their work schedule; and earnestly probe and successfully conduct the mobilization and organization work of carrying out study, examination, and transformation. In carrying out these activities, we should chiefly depend on the revolutionary consciousness of the broad masses of party members and cadres, refrain from regarding the activities as a political movement and having everyone pass the buck without practice examination, mobilize the masses, extensively solicit opinions from the units and the masses at the grassroots level, integrate the self-examination of leading personnel with the work of mobilizing the masses, and refrain from carrying out the activities perfunctorily so that the problems are dealt with in a down-to-earth manner.

2. Leaders should play an exemplary role in conducting the campaign. The key to achieving the campaign lies in whether or not leaders have paid attention to the campaign and whether or not leading cadres have played an exemplary role in conducting it. Therefore, leading cadres from the provincial party committee and the provincial government to all departments should take the lead in conducting self-study, self-examination, and self-correction and should play an exemplary role in conducting the campaign. Leading cadres should be brave in exposing the realities of the problems related to themselves, take the initiative to assume responsibility, conscientiously make criticism and self-criticism, summarize experiences and draw lessons, and substantially work out measures for correcting their problems.

3. We should pay attention to preventing the obstacles from all fields and strictly grasp several demarcations. First, we are never allowed to adopt the viewpoints of bourgeois liberalization to oppose bureaucracy. Our aims to launch the self-study, self-examination, and self-correction campaign of preventing and overcoming bureaucracy under the leadership of the party are to improve organs' workstyle, to strengthen our office work, to upgrade work efficiency, and to make ourselves better suit the demands of socialist modernization. Second, we should distinguish the mistakes made in the course of reform from the mistakes caused by bureaucracy in order to have a clear-cut stand to protect and support reformers and to promote a continuous and deepening development of reform. Third, we should distinguish between general

bureaucratic practices and serious bureaucratic mistakes. General bureaucratic practices are problems that can be solved through education and improvement; but serious bureaucratic mistakes that have brought about great losses and extremely bad influence cannot be tolerated by the party and the people, but must be handled strictly.

4. We should lay a foundation for "study" and "examination" and strive for "correction." First, we should set up a system of regularly conducting education for cadres in an effort to help the vast number of cadres firmly foster an idea of wholeheartedly serving the people and the grassroots and an idea of submitting themselves to the whole situation, improve their work style, upgrade their work efficiency, and conscientiously do their job well. Second, departments should set up and perfect the leading cadres responsibility system and a system of evaluating the achievements in their office careers, clearly define their responsibilities to ensure that each and every cadre should assume his responsibility and do his duty, and clearly make the distinction between awards and punishments on the basis of strict assessments in order to ensure the implementation of the responsibility system. Third, we should perfect the system of the party's democratic activities, persist in the principle of democratic centralism, carry out collective leadership, and conduct mutual supervision. Fourth, the supervision between the peoples from higher to lower levels should be intensified. Before special administrative supervisory organs are established, discipline inspection, organizational and personnel affairs, and auditing departments should assume the tasks of examination and supervision. Simultaneously, we should strengthen democratic supervision, including the supervision made by the masses, lower levels, and public opinions.

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CSO: 4005/926

JIANG ZEMIN REVIEWS SHANGHAI GOVERNMENT WORK

OW121314 Shanghai City Service in Mandarin 2200 GMT 10 Jul 87

[Text] An enlarged plenary meeting of the Shanghai Municipal People's Government was held in the Shanghai Exhibition Center on the afternoon of 10 July. During the meeting, Mayor Jiang Zemin delivered a report on a summary on the government work in the first half of the year and on his views on the government work in the second half of the year. Vice Mayor Huang Ju presided over the meeting.

After reviewing the government work in the first half of the year, Jiang Zemin discussed some of his views:

1. In economic administration, government departments should create good environments for enterprises;
2. In capital construction, we should correctly handle the relationship between development and curtailment and between priority projects and ordinary projects; and
3. While stepping up the building of material civilization we should also pay attention to building spiritual civilization, which is an important guarantee for social stability and a steady economic development.

Jiang Zemin added: With the good situation in the first half of the year, a comparatively good foundation has been laid for the work in the second half of the year. However, we are still facing many contradictions and difficulties in economic development and other undertakings. In economic work, our raw and processed materials, funds, and commodity stock are insufficient to meet our needs if we are to continue a steady economic development and attain the objective of increasing production and practicing economy and raising revenues and reducing expenditure in the second half of the year. We must make extraordinary efforts to solve the problem.

In arranging the work for the second half of the year, Jiang Zemin called on government departments to pay attention to the following matters:

1. Continue to firmly put the tasks of reform and opening to the outside world above all else;

2. Put the stress of the economic work on improving economic returns;
3. Make good coordination to ensure successful completion of Shanghai's 15 tasks;
4. Strengthen and improve overall control and continue to curtail unnecessary spending;
5. Accelerate scientific and technological progresses and personnel training; and
6. Continue to pay attention to building socialist spiritual civilization.

Jiang Zemin emphatically pointed out: The workstyle and working efficiency of government organs have an important bearing on the speed of Shanghai's transformation and development.

In his report, Mayor Jiang told the cadres of Shanghai's government organs that great progress should be made in government work, and the workstyle and working efficiency of government organs should be improved in the second half of the year. He pointed out the following points:

1. Office workers should firmly establish a notion of providing service. In the course of economic reform, government organs are shifting their role from direct management to indirect management. This is an important change, and we must adapt our thinking to the change. We should shift from managing others to offering service to them.
2. We should resolutely oppose bureaucracy in workstyle. We have drawn a lesson from the Daxinganling forest fire. Shanghai is an extra-large old city with many dormant unsafe factors and frequent accidents. Principal leading cadres at all levels should know that their primary responsibility is to protect state property and people's lives. From now on, the cadres shall be held administratively and legally responsible for major problems in their organizations.
3. We should overcome the phenomena that there are too many meetings, the leaders are taking part in too many activities, and there are too many commendations, so that the leaders will have more time to go deep into the realities of life to solve problems.
4. We should strengthen legislation and institute the system of responsibility at all levels so that everyone knows his or her duties and everything is taken care of. This is a fundamental and comprehensive measure to overall improvement of government work.

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CSO: 4005/926

JIANG ZEMIN RAPS RED TAPE, URGES EFFICIENCY

OW221007 Shanghai City Service in Mandarin 2200 GMT 21 Jul 87

[Excerpt] Shanghai Municipality's party and government organs will extensively and thoroughly implement the personal responsibility system on a trial basis to overcome bureaucratism and improve work efficiency.

The municipal party committee and government held a meeting on the afternoon of 21 July to make specific arrangements for enforcing the personal responsibility system at party and government organs throughout the municipality.

Mayor Jiang Zemin spoke. He emphatically said: All the cadres of party and government organs, especially the leading cadres, should keep in mind the lofty goal of serving the people and devote themselves wholeheartedly to the service of the people and grassroots units. It is necessary to foster a work-style of conducting practical investigations and studies, acting resolutely, and cooperating with one another and to overcome the bad habits of squabbling and shirking responsibility. It is also essential to work hard to acquire professional skills, improve work methods, and raise the work efficiency of party and government organs. A rigorous system of assessment, rewards, and punishment for the cadres should be implemented. Serious bureaucratism and accidents caused by negligence at all levels must be investigated and dealt with harshly. [passage omitted on remark by Zhao Qizheng, member of the municipal party committee standing committee and head of the municipal party committee organization department]

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CSO: 4005/926

SHANGHAI DEMOCRATIC PERSONAGES URGE OPEN CRITICISM

OW100626 Shanghai City Service in Mandarin 2200 GMT 9 Jul 87

[Text] According to a report by LIANHE SHIBAO [UNITED TIMES], over the last few days, responsible persons of democratic parties, celebrities, experts, and scholars in Shanghai have expressed various views regarding the upcoming political reform in an earnest attitude of looking forward to the convocation of the 13th CPC Party Congress. They have strongly expressed hopes that the comprehensive reform will instill vitality into the CPC and the cause of socialism.

Luo Guangzong, deputy secretary general of the Shanghai Municipal CPPCC Committee, said: In order to give expression to socialist democracy, it is necessary to have a relaxed and harmonious atmosphere in which everyone can speak out. Who would want to speak if he has to talk rubbish? It is the CPPCC's noble right of people's democracy to make criticisms and suggestions, offer consultations, and exercise supervision.

(Song Weijing), the newly elected central committee member of the China Democratic National Construction Association and chief editor of the Shanghai branch of the Encyclopedia Sinica, said: As a theoretical worker, I hope that political reform will bring along a thriving atmosphere in theoretical circles so as to increase the security of theoretical workers. At a national meeting of college theoretical workers held in April this year, some people advocated discussion of political problems. In my opinion, political problems should not just be discussed but reformed. The purpose of reform is to overcome maladies. How can reform be carried out if discussions are not allowed? Obviously theoretical workers are fearful that their exploration and discussions may be regarded as liberalization. There are nearly 1,000 theoretical workers in Shanghai, but they have hardly put forward new ideas in recent years. Theoretical workers and democratic parties should not be regarded as cheering squads but as political friends, and they should be treated with all sincerity.

Chen Mingshan, vice chairman of the Central Committee of the China Democratic National Construction Association, said: There are quite a few defects in the current political system which should be reformed. First of all, the leadership level must be rejuvenated, and the functions of the party must be separated

from those of the government. It is necessary to vigorously promote socialist democracy, and the key to this lies in listening to the masses opinions and accepting their surveillance and control.

Dong Yinchu, vice chairman of the Central Committee of the China Zhi Gong Dang, said: Separation of the functions of the party from those of the government has been discussed for many years, but the practice has continued. Whom should we listen to since there are both party and government leaders in all departments and localities? Therefore, it is necessary to clearly define the division of labor between party and government organs.

Chen Mingshan said: In political reform, it is necessary to clearly define the relationship between the Communist Party and democratic parties. It is hoped that the system of multiparty cooperation led by the Communist Party will be stipulated in the Constitution and become one of the characteristics of Chinese-style socialism.

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CSO: 4005/926

SHANGHAI CRACKS DOWN ON SPREAD OF PORNOGRAPHY

HK031142 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0718 GMT 30 Jul 87

[Text] Shanghai, 30 Jul (ZHONGGUO XINWEN SHE)--Public security departments in Shanghai will take strong measures against ever-increasing illegal and criminal activities of selling and disseminating pornographic articles in the city.

According to a public notice issued by the city's Public Security Bureau, those who have smuggled, produced, sold, and hired out pornographic videotapes, publications, handwritten copies, and photos and who have sponsored parties to watch pornographic videotapes for sinister purposes should go to public security offices to enter their names, make a clean breast of their activities, and surrender all pornographic articles before 20 August. Those who refuse to register with the proper authorities before the time limit will be severely punished according to law provided they are proved involved. It has been learned that the Shanghai Public Security Bureau has thrown thousands of police into the action.

Pornographic articles in Shanghai have come partly from abroad, and from Hong Kong and Macao, but most of them have come from Fuzhou, Xiamen, Shishi Town in Jinjiang County, Fujian Province, Guangzhou, Shenzhen, and other coastal areas in south China. Those who buy pornographic articles in those places are mostly individual traders and peddlers, but some government cadres and workers also buy them and bring them to Shanghai when they travel there or when making purchases of goods and attending meetings, or making tours of investigation.

Zhuang Yao, deputy head of the city's Public Security Bureau, said here today: From now on public security departments will go all out to confiscate pornographic articles according to information they have obtained. Those who refuse to surrender themselves to the police and continue with their unlawful activities will be sternly punished according to law and relevant decrees.

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CSO: 4005/926

EAST REGION

REGIONAL

BRIEFS

VISITING SOVIET DELEGATION--Hu Lijiao, chairman of the Shanghai Municipal People's Congress Standing Committee, met and feted yesterday afternoon at the International Hotel the delegation of the legislative proposal commissions of the USSR Supreme Soviet Council of the Union and Council of Nationalities headed by Razumovskiy, chairman of the Legislative Proposal Commission of the Council of the Union of the USSR Supreme Soviet. The guests and hosts held friendly talks. [Excerpt] [Shanghai City Service in Mandarin 2200 GMT 7 Jul 87 OW] /9738

CSO: 4005/926

SHANGHAI JIEFANG RIBAO ARMY DAY EDITORIAL

OW041427 Shanghai JIEFANG RIBAO in Chinese 31 Jul 87 p 1

[Editorial: "Write a New Chapter of Unity Between the Army and the People -- Commemorating the 60th Founding Anniversary of the Chinese People's Liberation Army"]

[Text] The great Chinese People's Liberation Army has seen 60 years of fighting. During the past 60 years, the people's Army with the sole purpose of serving the people wholeheartedly has made great contributions to the Chinese people's revolution and construction from the years of revolutionary wars to the years of socialist revolution and construction and achieved immortal deeds. The people have always respected, loved, and supported their own Army. On the occasion of commemorating the 60th anniversary of the founding of the Army, we wish to convey to the commanders and fighters of the three services of the PLA and the People's Armed Police stationed in Shanghai to perform their honorable tasks of defending the motherland and protecting the building of the four modernizations our sincere solicitude and also wish to extend to them our warmest greetings!

Since the convocation of the 3d Plenary Session of the 11th CPC Central Committee, especially since Comrade Deng Xiaoping took charge of the work of the Military Commission, the PLA has made new contributions to protecting and taken part in building the four modernizations. The PLA has also made new achievements in its own building. Under the direction of Comrade Deng Xiaoping, the PLA has fixed the task of building itself into a powerful, modernized, regularized, and revolutionized Army in the new period. A strategic change has been made in guiding the building of the Army. The focus of the Army's work has been shifted to peacetime building. The Army has strengthened its fundamental work with modernization as its central task in a planned and systematic way. During the past several years, the broad masses of commanders and fighters of the PLA have conscientiously implemented the line, principles, and policies formulated since the 3d Plenary Session of the 11th CPC Central Committee: Adhered to the four cardinal principles; and kept to the policy of reform, opening to the outside world, and invigorating the domestic economy. It has achieved initial results in structural reform and completed the task of reducing the number of armymen by 1 million.

The whole Army has strengthened its building of socialist spiritual civilization and thus greatly promoted the building of socialist spiritual civilization by people of all nationalities. Its defensive war against Vietnam raised the prestige of the state and the Army. The PLA has actively taken part in socialist construction and worked extremely hard in the building of many arduous projects. In the fight against natural disasters, the commanders and fighters of the PLA always took the lead and protected the people's life and properties with their own blood and lives, thus writing down many touching "songs of cherishing the people." In developing science and technology and promoting the modernization of national defense, our country has made achievements which have attracted worldwide attention, including nuclear technology, man-made earth satellites, and carrier rockets. The PLA has made major contributions to all those achievements.

Servicemen of the three services stationed in Shanghai and the Shanghai Armed Police Corps have made great contributions to safeguarding the eastern gate of the motherland and to safeguarding and taking part in Shanghai's socialist construction. Troops stationed in Shanghai have consciously subordinated themselves to the interests of the four modernizations, actively participated in local economic construction and public welfare projects, and made outstanding contributions in supporting the city's major construction projects, carrying out the 15 tasks well, cracking down on crimes, safeguard public order, building socialist spiritual civilization, and training personnel competent in both military and civilian services alongside the people. They have also helped the people with intellectual resources. They have won the trust and love of the people in Shanghai.

The people's Army serves the people and the people love the Liberation Army. By carrying out citywide education about national defense, people have enhanced their sense of national defense and heightened their awareness of the need to respect, love, and support the Army. Thousands upon thousands of cadres and people from urban to rural areas, from neighborhoods to schools, and from party and government organs to all trades and professions have heard reports by the Laoshan heroes. Their understanding of and respect for the frontier officers and men have been enhanced and they have created a new upsurge of supporting the Army and giving preferential treatment to families of revolutionary soldiers and martyrs. The city has set up a network to support the Army and give preferential treatment to military families, which consists of 1,622 groups. Doing good deeds for the Army and military families had become the order of the day. On the basis of inheriting and developing the tradition of supporting the Army and giving preferential treatment to military families, vigorously supporting the Army and helping military families with intellectual resources have become major new developments in Army support work.

Shanghai is one of the nation's economic centers which has a relatively solid industrial base and many scientific, technological, and management personnel, and professionals of all kinds. Therefore, the city has very

favorable conditions for supporting the Army with intellectual resources and for helping the Army train personnel competent in both military and civilian services. In doing Army support work, all departments and units should adapt to the needs of the modern army and local construction, adapt to the special characteristics of the new generation of servicemen who long for knowledge and wish to acquire some skills, vigorously support the army with intellectual resources, and make greater contributions by stressing practical results. Some districts, counties, departments, and units in Shanghai have acquired some experience in this regard. In the future, they should further bring into play their strong points by helping the Army train personnel competent in both military and civilian services so that the vast number of commanders and fighters will be capable of both fighting and constructing. Someday, if these soldiers are demobilized in Shanghai, they will be reinforcements for the city's economic construction. If they are demobilized elsewhere, it means Shanghai has indirectly supported the economic development in other parts of the country with its intellectual resources.

Shanghai has a fine tradition in supporting the Army and giving preferential treatment to military families. In observing the 60th anniversary of the PLA's founding, we must carry forward the glorious tradition and enhance Army-government and Army-people unity. In the great undertaking of building socialism with Chinese characteristics, the Army and people must support each other, march forward hand in hand, and open up a new page in Army-people unity.

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CSO: 4005/938

XIZANG CONFERENCE PROMOTES REFORM POLICIES

HK301521 Lhasa Xizang Regional Service in Mandarin 1030 GMT 27 Jul 87

["Short Commentary": "Strengthen the Building of the Political and Legal Ranks, Ensure Successful Promotion of the Policy on Reform Opening Up, and Reinvigoration"]

[Excerpts] Our regional conference on political and legal work has concluded.

For the past 3 years and more, our region has scored great achievements in waging the struggle to strictly crack down on crime, thus creating a relatively stable social environment in Xizang, ensuring the security of the broad masses of the people in our region, safeguarding the people's legal rights and interests, and ensuring successful promotion of the policy on reform, opening up, and reinvigoration in our region.

The political, ideological, and professional qualities of our region's political and legal ranks cannot suit many of the needs of the development of the objective situation as well as the needs of their arduous economic tasks. Therefore, such qualities are in need of immediate improvement.

The vast numbers of our cadres and policemen must conscientiously study Marxism-Leninism "Mao Zedong Thought, study expositions about issues concerning nationalities, study the law, and have a good command of both the theoretical and legal weapons.

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CSO: 4005/938

YUNNAN CONFERENCE DISCUSSES SIZE OF OFFICIAL BODIES

HK291142 Kunming Yunnan Provincial Service in Mandarin 1000 GMT 27 Jul 87

[Excerpts] From 21 to 25 July, the provincial party committee organization department and the provincial department of labor and personnel held a conference in Kunming to study and arrange the work of controlling the authorized sizes of official bodies and readjusting the structure of cadres.

The conference stressed: The current work of controlling the authorized sizes of official bodies and readjusting the structures of cadres is different from the general deployment of cadres. We must adopt positive and safe guiding principles to carry out this work in an organized and planned way through two stages.

First, we must adopt economic and administrative measures to resolutely control the general organic structure of cadres in organs. Until the 13th National Party Congress convenes, the authorized sizes of officials bodies and the organic structures of personnel will remain basically frozen. At the same time, we must resolutely fulfill the tasks of deploying cadres to the political and legal system, to the industrial, commercial, and tax departments, and to other units engaged in conducting economic supervision and readjustment. These tasks have been assigned to us by the central authorities.

Second, we must coordinate with the economic structural reform.

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CSO: 4005/938

GUIZHOU CRACKS DOWN ON ILLEGAL PUBLICATIONS

HK291438 Guiyang Guizhou Provincial Service in Mandarin 2200 GMT 23 Jul 87

[Excerpt] The provincial party committee's leadership group for straightening out newspapers and magazines yesterday morning held a meeting, urging all localities and relevant departments in the province to take immediate action to crack down on illegal publications, to straighten out newspapers and magazines, and to better strengthen the building of socialist spiritual civilization in the province.

Gong Xianrong, standing committee member and propaganda department director of the provincial party committee, presided over the meeting. Responsible comrades from the provincial cultural, publication, journalistic, industrial and commercial administration, public security, and [words indistinct] departments and from Guiyang City attended the meeting.

The meeting held that over the past few years, illegal publications have seriously developed in the province. As seen from the situation in recent years, both the variety and quantity of illegal publications have increased largely. Illegal elements have carried out their activities in a more covert and tricky way. Some of them have even usurped the name of the Guizhou People's Publishing House. In the past, only some collective and individual-run small factories printed illegal publications, but now some state-run factories are also printing illegal publications.

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CSO: 4005/938

QINGHAI CPC COMMITTEE HOLDS MEETING ON DENG XIAOPING BOOKS

HK010729 Xining Qinghai Provincial Service in Mandarin 0430 GMT 28 Jul 87

[Text] The propaganda department of the provincial party committee yesterday morning held a meeting to exchange experiences gained in the Xining area in studying the two books. Over 150 comrades from different provincial departments responsible for political and theoretical studies attended the meeting. During the meeting, the following units briefed the participants on their experiences in studying the two books: The general office and the party school under the provincial party committee; and the provincial department of radio and television.

In his speech at the meeting. (Zhu Shikui), deputy director of the propaganda department of the provincial party committee, said: Our province began launching activities of studying the two books in May this year. Overall, the activities have been developing healthily. Through these activities, our province has gained some initial results and accumulated some experiences. Such experiences can be summed up as follows: Leaders have attached importance to and taken the lead in studying the two books; the study has been promoted through stressing the essentials; the study methods are flexible, many and varied; and the study has been conducted in close connection with realities.

Referring to the ways to conduct in-depth study of the two books in the next stage, Comrade (Zhu Shikui said: We must further enhance our understanding of the importance of studying the two books, actively sum up and popularize experiences in this regard, and deepen this study. I propose that all units' activities of studying the two books come to the end of a stage prior to the convening of the 13th National Party Congress. Units that have been relatively slow in advancing the study must strengthen leadership and organizational work and properly readjust their study time to ensure fulfillment of their study tasks on time.

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CSO: 4005/938

YIN KESHENG URGES STUDY OF DENG'S 'MILITARY THOUGHT'

HK300157 Xining Qinghai Provincial Service in Mandarin 0430 GMT 29 Jul 87

[Text] According to QINGHAI RIBAO, on the eve of Army Day, Yin Kesheng, secretary of the provincial party committee and first secretary of the provincial military district party committee, and Chen Yunfeng, member of the standing committee of the provincial party committee, who are conducting social investigations in Yushu and Golog, paid visits to the commanders and fighters of Yushu and Golog military subdistricts to extend regards on the festival.

On the afternoon of 22 July, Yin Kesheng arrived at the headquarters of Yushu Military Subdistrict, where he listened to reports delivered by responsible comrades. He then said: Dauntless in the face of hardship, you have scored outstanding achievements in fighting natural disasters, supporting poor areas, in militia work, and in joint building of spiritual civilization with the local people. The party and the people will never forget this.

When Yin Kesheng and Chen Yunfeng met the leaders of Golog Military Subdistrict on 26 July, Yin Kesheng stressed that in the new historic period of building socialism with Chinese characteristics, Comrade Deng Xiaoping has creatively developed Mao Zedong's military thought. He expressed the hope that everyone will seriously study Deng Xiaoping's military thought, struggle amid adversity, work hard, and strive to build the army into a powerful, modern, and regular revolutionary armed force.

Chen Yunfeng said: Golog is a place traversed by the Red Army during the long march. We must continue to carry forward the glorious traditions, further promote army-government and army-people relations, and make still greater contributions to invigorating Golog's economy.

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CSO: 4005/938

SHAANXI TO CRACK DOWN ON ILLEGAL PUBLICATIONS

HK240944 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 23 Jul 87

[Excerpts] The provincial party committee and government yesterday evening held a telephone conference on cracking down on illegal publications. In his speech, Vice Governor Sun Daren stressed that it is necessary to resolutely and steadily crack down on illegal publications to promote further enhancement of the province's publishing cause.

Vice Governor Xi Shanlin presided over the telephone conference. Bai Jinian, provincial party committee secretary, and Li Sengui, standing committee member of the provincial party committee and secretary of the provincial political and legal commission, participated in the conference.

In his speech, entitled "Take Immediate Action To Resolutely Crack Down on Illegal Publications," Vice Governor Sun Daren stressed that it is necessary to fully understand the necessity and importance of cracking down on illegal publications. He said: Since the 3d Plenary Session of the 11th CPC Central Committee, and particularly since 1980, the province has done some work in cracking down on illegal publications and achieved some results. However, due to the lack of centralized publications management organs, to the failure to whip up public opinion, and particularly to our failure to use legal means, since the second half of 1984, illegal publications have developed more and more seriously in the province. The gangs and individuals engaged in legal publications have suddenly become rich by such foul means as printing and distributing a vast amount of illegal publications. Their huge profits were gained at the cost of poisoning young people, corrupting people's minds, and spreading unhealthy ideology to the whole society. Their acts are tantamount to murdering people for their money. Illegal publication and sale of video and audio tapes were also very serious. These illegal activities have violated policies and principles set by the party and government on publication work, corrupted the minds of cadres and workers, directly undermined the building of socialist spiritual civilizations, encouraged the ideas of bourgeois liberalization, hindered stability and unity of our society, and particularly poisoned the soul of youngsters. They are latent factors undermining public order. If we fail to take resolute measures to deal with the public evils and let them develop unchecked, we would be hampered in correctly upholding the four cardinal principles and implementing the general policy and principle of reform, opening up, and economic invigoration. Therefore, we must build up a momentum in the province and take effective measures to hit hard at the illegal activities.

In his speech, Sun Daren pointed out that since the work of cracking down on illegal publications involves strict implementation of policies, we must properly implement the party's policies and principles.

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BRIEFS

GANSU LEADER URGES CRACKDOWN ON CRIMINALS--Provincial Party Committee Secretary Li Ziqi, speaking at the provincial court work conference which concluded on 24 July, demanded that the public security organs, procuratorates, and courts, and the political and legal organs closely cooperate with each other and seriously implement the principle of acting with severity and speed in cracking down hard on criminals who seriously sabotage social order and the economy. It is necessary to further strengthen the building of the legal system. The meeting conveyed the spirit of the national court work conference and made arrangements for severely and rapidly cracking down on criminals who seriously sabotage social order and severely punishing criminals who gravely sabotage the economy. The meeting also proposed specific measures for strengthening the work of trying civil and economic cases, improving the level of giving judgements, and better playing the role of the courts in protecting the people, dealing blows at the enemy, punishing crime, and serving the four modernizations. [Excerpts] [Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 24 Jul 87 HK] /12624

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